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THE JERUSALEM POST

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No Hanukka
 'gelt' for
 local toy
 factories

Page 6



Sakharov vows to continue fight for refuseniks

Jerusalem Post Staff and Agencies

Soviet dissident physicist Andrei Sakharov said in a telephone interview with Israel Radio yesterday that he would continue to fight for the release of Jewish refuseniks.

He denied that he had been bought off by the Soviet government with the promise that he would be permitted to return with his wife to Moscow.

"As much as it depends on me, I intend to always say what I think, because I believe that's the right thing and the necessary thing," a radio translator quoted Sakharov as saying.

The radio quoted Sakharov as saying he would do everything in his power to help Jews whose applications to leave the country had been turned down by Soviet officials.

"In all these matters, I am doing and will always do the best I can, what is in my power to do, but now I don't hear you well. It's hard for me to speak in an orderly fashion," he was quoted as saying.

The radio said the 65-year-old human rights activist chose his words carefully during a telephone interview conducted between Jerusalem and the city of Gorky, where he has been in internal exile since 1980. The conversation was in Russian, which the radio translated into Hebrew.

A Soviet official on Friday announced the release of Sakharov and his wife Yelena Bonner. She was exiled to Gorky in 1984.

Soviet Leader Mikhail Gorbachev told Sakharov in a telephone conversation Thursday that he and his wife could return to Moscow.

Sakharov's conversation with Gorbachev had been "very complex and I wouldn't want to try and summarize it in a few words. It wasn't all simple, and it wasn't all direct," the radio quoted Sakharov as saying.

"Nothing is simple and the conditions are not good," he was quoted as saying.

(Continued on Back Page)

'NEW YORK TIMES'

We regret that because of technical reasons "The New York Times" Weekly Review is not included with today's issue.



A border policeman gags Mordechai Vanunu as he tries to call out to reporters after appearing in the Jerusalem District Court yesterday. (Dan Landau)

Court orders detention until trial ends

Vanunu tries to pass on message

By MENACHEM SHALEV

Jerusalem Post Reporter

Mordechai Vanunu, who allegedly revealed Israel's nuclear secrets to *The Sunday Times*, is still trying to pass on information the authorities would prefer to conceal. As he was leaving the Jerusalem District Court yesterday, Vanunu defiantly shouted details of how he had been brought to Israel.

Vanunu came to the court-house yesterday to hear Judge Zvi Cohen grant the State's request that his remand be extended until the end of his trial. But the real drama occurred outside the court, in the few seconds when Vanunu established contact with the reporters who had waited for hours for him to emerge.

Vanunu, looking pale and thinner than during his last court appearance

three weeks ago, wore jeans and a beige coat. He was brought to the court-house in a police van with windows. As the van approached the driveway to the court's rear entrance, he flattened his palm against one of the windows.

Vanunu had scrawled three lines of English on his palm. They contained explicit details of the manner in which he had been brought to Israel.

After the three-hour hearing, policemen guarding Vanunu in the van pinned down his handcuffed hands so that he would not repeat the same trick. But as the van negotiated the narrow alley outside the East Jerusalem courthouse, a reporter shouted a question to Vanunu in Hebrew about his return to Israel.

(Continued on Back Page)

Histadrut threatens industrial action

By MICHAEL YUDELMAN

Jerusalem Post Reporter

TEL AVIV. — The Histadrut moved towards all-out war against Finance Minister Moshe Nissim's economic plan yesterday, deciding to rock the country with a series of industrial actions if the programme is not dropped.

Manufacturers and merchants are pressing Finance Minister Moshe Nissim to devalue the shekel. Histadrut Trade Union Department chairman Haim Haberfeld told the Tel Aviv Labour Council's trade union plenum yesterday.

The country's 40 trade unions are to declare labour disputes this week, as the first step towards a general strike.

The printers, construction workers, hotel workers, clerks and steelworkers unions are all expected to vote on labour disputes today.

Histadrut Secretary-General Yisrael Kessar yesterday urged all labour councils and unions to form a united front against the Nissim plan and to pressure the government to begin talks with the labour federation on a realistic programme to stabilize the economy.

Speaking at the Histadrut Central (Continued on Page 2, Col. 1)

Shamir confident of resolving disputes

Likud squabble diverts economic-plan debate

By AVI TEMKIN

Post Economic Reporter

Angry exchanges between Likud ministers marked yesterday's cabinet meeting on the Treasury's proposed new economic plan. The tension burst into the open when Deputy Prime Minister David Levy stalked out of the session, after remarks by Minister-without-Portfolio Moshe Arens which he regarded as insulting.

After meeting for 10 hours yesterday in two sessions, the cabinet will resume its deliberations today, focussing on next year's budget.

Despite yesterday's stormy meeting, most ministers said that a mechanism for reaching an understanding would be found. They predicted that two joint committees would be created to make needed changes in the Treasury's proposals.

During the exchange between Levy and Arens, the latter said that families in Israel should be offered high levels of housing and health services. "We need American standards in Israel, not African ones," Arens said. This remark triggered Levy's angry departure from the cabinet meeting.

He left the Prime Minister's Office, and asked his spokeswoman to drive him away. The prime minister's economic adviser, Amos

Rubin, tried to persuade him that there had merely been a misunderstanding, but to no avail. Levy was visibly upset.

Even before Levy left the room, Arens said he meant no offence, and said that if Levy had misunderstood him and found his remarks offensive, he would retract them. Prime Minister Shamir said on *Mabat* last night that the entire cabinet was

Behind the Sharon-Nissim row — Page 2

saddened by the incident, caused by what he called Arens's "slip of the tongue."

Shamir said last night that there was no chance of a government crisis over the economic plan, because the ministers were not divided along party lines.

The Levy - Arens exchange was only the last of a series of clashes between Likud ministers. Contrary to prior expectations, tensions between the Likud and Alignment were not evident, and most of the Labour Party ministers who spoke yesterday actually supported the economic reforms.

Several hours before Levy left the meeting, Industry Minister Ariel Sharon left the room for a few minutes, after an angry exchange with Finance Minister Moshe Nissim and Shamir.

It began when Nissim said the Industry Ministry had agreed to the proposed changes in purchase taxes. At this point Shamir intervened. He told Sharon that his remarks would be recorded "whether you shout or talk." Sharon left the room to confer with some of his ministry officials.

Sharon and Levy both opposed the Treasury's plan and will probably vote against it. Sharon will be the first minister to speak when the cabinet resumes its debate today. He is expected to say that the plan as drafted by the finance minister will harm industry and exports, since it will raise labour costs.

During the debate Nissim revealed that the Treasury had scrapped plans to increase the foreign currency allowance for overseas travellers to \$3,000.

The only Alignment minister to be involved in yesterday's incidents was Defence Minister Yitzhak Rabin, who was upset by the way Treasury budget division head Aaron Fogel presented the proposed slash in the Defence Ministry budget.

"You are talking rubbish," he told Fogel. When Shamir remarked to Rabin that this was not an acceptable expression, Rabin commented that it was true nevertheless.

Rabin and Vice Premier Shimon Peres will present their views today, and will spearhead the opposition to (Continued on Page 2, Col. 1)

Plans to scrap free education 'social time bomb'

By BERNARD JOSEPHS

and LEA LEVAVI

Proposals to suspend free education and make parents pay a monthly fee for their children's schooling sparked fierce opposition last night, with teachers describing the proposal as a catastrophe.

The chairman of the Knesset Education Committee, MK Nahman Raz (Alignment), said that if the scheme were enacted, the money should be paid by the National Insurance Institute and not by parents.

Hanna Maron, spokeswoman for the Secondary School Teachers' Association, said the idea was a "social time bomb."

It was reported yesterday that

Education Minister Yitzhak Navon and Finance Minister Moshe Nissim had agreed to charge parents a monthly fee, ranging from NIS 100 to NIS 410, depending on their income and the number of children they had in school. The fee would be imposed this year and continue for the next three years.

Parents with a monthly income of less than NIS 300 per member of family would be exempt. But it was estimated that 60 per cent of families would have to pay.

Education Ministry sources said the aim was to help the school system absorb budget cuts without lowering standards.

Maron said her association feared

that introducing the fees, which would start at compulsory kindergarten level and continue to grade 12, would lead to a big increase in drop-outs.

"Many parents who at present allow their children to continue beyond the compulsory 10th grade will be forced to take them out of school. This will particularly affect girls because some parents still see education as more important for their sons than for their daughters," she said.

"It will create a social time bomb because there will be thousands more young people on the job market looking for work without having completed 12 years of education or

having passed matriculation. It will be a catastrophe."

The Histadrut Teachers' Union will meet this morning to discuss the economic programme and its implications. Deputy secretary-general Gila Ram said last night that school fees are only part of the problem.

"If parents have to pay school fees and health fees," she said, "they won't have enough money for books, theatre tickets or after-school enrichment programmes. They won't even have money to give their children dental care."

Ram is also worried about rumours that the Education Ministry will require parents to pay extra for (Continued on Back Page)

Rare Czech eagle found and freed in Negev

By JUDY SIEGEL

One of the rarest and largest eagles in existence — an imperial eagle with a two-metre wingspan — was caught and released unharmed in the western Negev on Friday.

The eagle, a brown-coloured male about six months old, was an outcast from its native Czechoslovakia. It is one of only a dozen or so pairs of the species known to live in Czechoslovakia. The imperial eagle is also found in Russia, Romania, Hungary, Turkey, Greece and Spain.

The eagle was caught with the help of bait by Bill Clark, an ornithologist at the Mt. Gilbo centre of the Society for the Protection of Nature since 1982. Clark recorded the code of the bird's legband — LM-6486 Praha — which indicated that the bird was born around Prague.

It was the first Czechoslovakian eagle of its kind ever caught in Israel, according to the society, which oper-



ates an information centre on birds of prey. Dozens of eagles from Eastern Europe pass through Israel in the spring and late fall, and a few even winter here rather than make the trip south.

The society has reported its find to the international group that monitors the migration of rare birds.

Iran-Contras arms probe to include Israel

WASHINGTON (Reuters). — The Senate's Select Committee on the Iran-Contra scandal plans to carry its investigation to Switzerland, Israel and probably Iran, chairman Daniel Inouye said yesterday.

"I am not closing any doors," Inouye, a Hawaii Democrat, said on ABC television. "I would think that at the appropriate time channels should be opened to discuss this with Israel, with Switzerland and I don't see Iran being out of the picture at all."

The select Watergate-style committee was appointed last week to investigate the diversion of some \$30 million in profits from the secret sale of arms to Iran to right-wing Contra rebels in Nicaragua. The sale has rocked the Reagan administration.

from broken windows or shutters, defective plumbing, cracked plaster, dampness and the like. Most said that repairs were not carried out because they cost too much.

In 1985, there were 315,000 households with at least one person over 60.

Petition on Nakash today

By MENACHEM SHALEV

Jerusalem Post Reporter

In an affidavit filed in the High Court of Justice yesterday, Justice Minister Avraham Shafir stated that his decision not to extradite William Nakash to France was based on an "estimation" and not on "specific information" about the dangers Nakash might face in a French jail.

Supreme Court president Meir Shamgar, deputy president Miriam Ben Porat and Justices Menahem Elon, Shlomo Levin and Gavriel Bach will hear the petition against Shafir's decision at 10 o'clock this morning (See story, page 4).

Shafir will be defended in court by Nili Arad, a senior assistant to the state attorney who works in the Justice Ministry's High Court Division. Ministry sources said last night that "it is customary in cases like this that someone more senior appears."

Arad will tell the High Court that Shafir's decision was based on his "full and exclusive discretion" as prescribed by law, and, as such, should not be subject to intervention by the High Court.

Former foreign minister Abba Eban filed an opinion with the court yesterday in which he stated that Shafir's decision was liable to "damage Israel's relations with France and with the European community."

Fifth of country's over-60s without heating

Jerusalem Post Staff

About one-fifth of Israelis over 60 do not heat their flats in winter, in most cases because they lack heating equipment, according to a comprehensive survey of the aged conducted by the Central Bureau of Statistics.

Among aged Arabs and Jews of Middle Eastern background, 40 per cent do not heat their homes, compared with 12 per cent of those from Europe and America.

About one-fifth of the households studied reported problems resulting

Police break up Shanghai protest

SHANGHAI (Reuters). — Student demonstrators in Shanghai, scene of three days of demonstrations demanding more democracy, yesterday beat up 31 police and broke into municipal council offices, the official New China News Agency said.

The agency, in its first report about the weekend of student protests in China's biggest city, said several thousand students disrupted order, caused traffic congestion and stopped people getting to work.

A tiny number of people are attempting to disrupt stability and unity, disorganize production and social order by taking advantage of the patriotic zeal of the students and their longing for democracy and (Continued on page 3)

Makers want to be 'absolutely sure' of air-worthiness first Hitches delaying maiden Lavi flight

By HIRSH GOODMAN

No date has been set for the maiden flight of the Lavi, the new-generation Israeli fighter that was supposed to have taken off in mid-September. According to a spokesman for Israel Aircraft Industries, the plane's primary contractor, the delay will continue "until we are absolutely sure of the aircraft's airworthiness." He would not say when that would be.

The Lavi, currently undergoing yet another reassessment of its economic viability, originally had its production schedule set back by the late arrival of its U.S.-manufactured flight-control system. But it is now clear that other hitches have developed.

IAI, which based its low cost estimates for the Lavi on production

according to schedule, has been embarrassed by the delay. It seems doubtful whether the aircraft will make its maiden flight before the arrival in Israel in January of a Pentagon team carrying proposals for an alternative to the Lavi, presumably a version of the F-16 containing Israeli-developed electronics and avionics systems.

IAI officials wanted the maiden flight to take place before the arrival here of the Pentagon team under Dov Zakheim. They fear that a delay will increase Zakheim's scepticism about Israel's ability to produce the aircraft with the allocated \$550 million annual budget and bolster his arguments against the project.

IAI is facing other crises. Its new commercial jet, the Astra, is not selling. In the U.S., the plane's ma-

ior potential market, it has come up against tax-reform proposals that will pinch aircraft owners. The drop in the price of oil hurt the purchasing power of several potential clients. In other markets, including Central and South America and Africa, customers have decided against buying the plane for financial and political reasons.

Continued uncertainty over the future of the Lavi, however, remains IAI's prime concern, since the plane's fate will seriously affect the future of the 22,000-employee company. The Lavi is threatened not only by increasing U.S. pressure to drop the project, but also by Israeli budget constraints that will influence the Air Force's decisions, and by growing opposition in the defence establishment.

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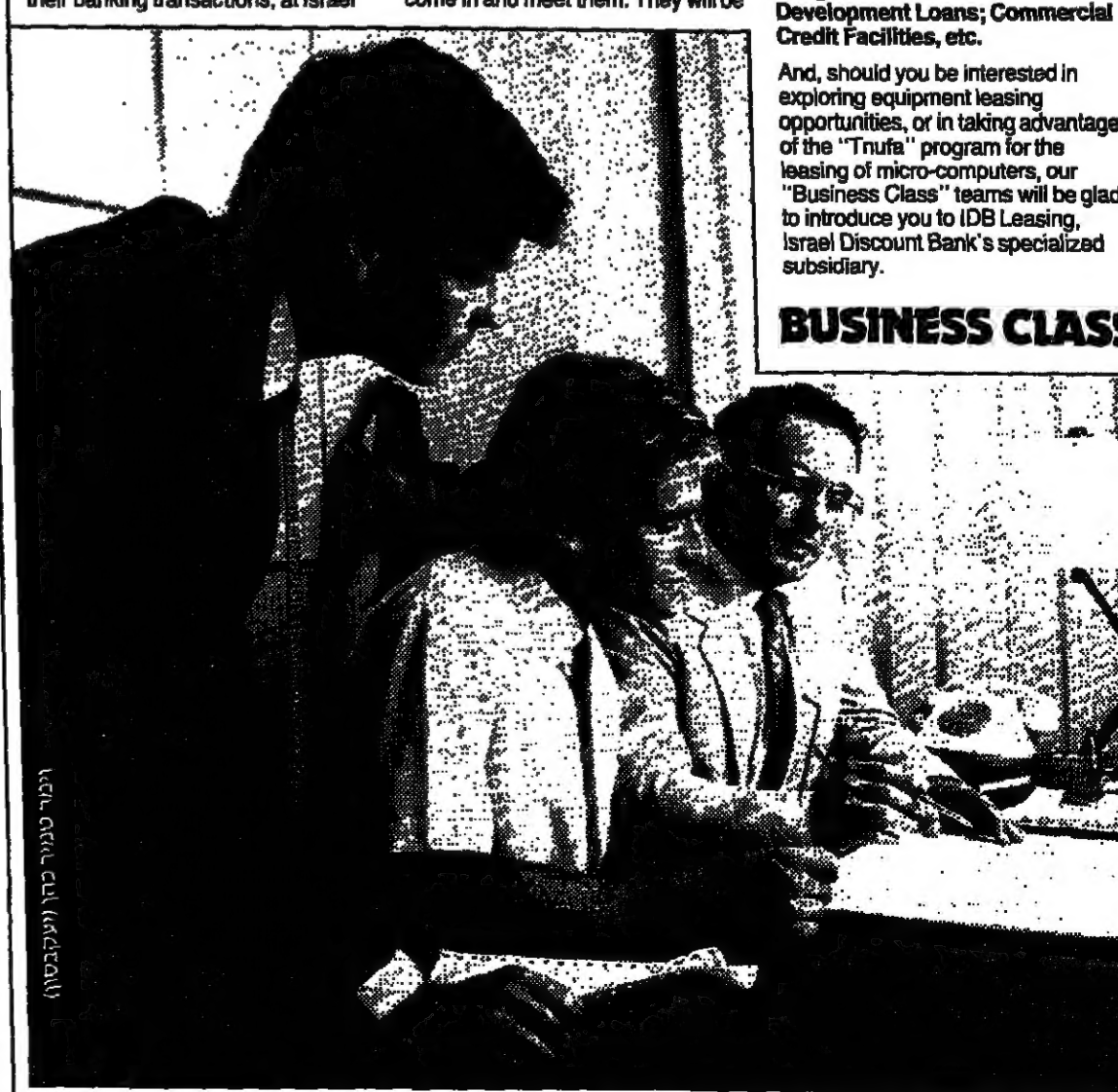
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	21.12.86	MIN.	MAX.	
AMSTERDAM	-4	-7	5	Cloudy
BRUSSELS	-3	-7	5	Cloudy
CHICAGO	-26	-27	-25	Cloudy
COPENHAGEN	-4	-7	3	Cloudy
FRANKFURT	-1	-4	6	Cloudy
GENEVA	-1	-4	6	Cloudy
HELSINKI	-1	-4	6	Cloudy
HONG KONG	13	15	25	Cloudy
LOS ANGELES	14	17	27	Cloudy
LONDON	11	13	24	Cloudy
MADRID	-1	-3	12	Cloudy
MONTREAL	-5	-7	2	Cloudy
NEW YORK	-1	-3	12	Cloudy
OSLO	-1	-3	12	Cloudy
PARIS	-1	-3	12	Cloudy
ROME	-1	-3	12	Cloudy
SAN FRANCISCO	-1	-3	12	Cloudy
STOCKHOLM	-1	-3	12	Cloudy
TOKYO	14	17	27	Cloudy
TORONTO	-1	-3	12	Cloudy
ZURICH	-1	-3	12	Cloudy

*For the latest weather conditions contact Swissair.

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THE WEATHER

Forecast: Partly cloudy. Outlook for Tuesday: Partly cloudy.

	Yesterday's	Yesterday's	Today's
	High/Low	High/Low	High/Low
Jerusalem	64/44	8-13	13
Golan	100	7-9	9
Nahariya	99	5-8	8
Safed	99	5-8	8
Haifa Port	63	12-19	17
Tiberias	63	12-19	17
Nazareth	100	9-12	12
Afula	81	13-18	17
Shomron	64	9-12	11
Tel Aviv	62	12-18	17
B-G Airport	58	12-17	16
Jericho	43	9-23	21
Gaza	54	11-19	18
Beer Sheva	42	9-18	17
Ellat	44	10-21	21

The level of Lake Kinneret has risen another 4 centimeters as a result of the recent rains. Since the beginning of the rainy season the lake has risen 44 cm.

'U.S. cuts Israel share in VOA construction'

The U.S. retracted its original proposal to give Israeli companies half of the construction work on the new Voice of America relay station to be built in the Arava, the region's local council chairman charged last night.

Arava local council head Ilan Oren was quoted by Israel Radio as saying that the Communications Ministry gave in to the new American decision, which calls for local companies to carry out only 20 percent of the construction work on the giant relay station, Israel Radio reported yesterday.

An agreement in principle signed in July guaranteed that at least half the work would be carried out by Israeli firms.

A ministerial committee to be appointed by Premier Shamir is to decide whether to accept the new proposal, the radio reported.

Australian Jewry linked to Rishon quarter

Australia's United Israel Appeal is to officially adopt Rishon LeZion's Shikun Mizrah as a Project Renewal neighbourhood in a ceremony today at Mayor Meir Nitzan's Office.

Projects planned for the neighbourhood of 7,600 include a day-care centre, kindergarten facilities, a community centre, clubs for the elderly, sports facilities and a public library.

LIKUD

(Continued from Page One)

the proposed NIS 180 million cut in the defence budget.

During the first part of the cabinet meeting, the ministers heard Nissim, Bank of Israel Governor Michael Bruno and senior Treasury and central bank officials explain the planned reforms in the tax system and the capital market. Both Nissim and Bruno stressed that the reforms were necessary to renew economic growth, and that the proposed NIS 490m. budget cut was essential for the reforms.

Nissim said after the meeting that most of the ministers who spoke yesterday supported the planned reforms.

Shamir predicted yesterday that the cabinet would approve the plan's several principles, with some minor changes. He said talks with the Histadrut and the manufacturers would continue.

HISTADRUT

(Continued from Page One)

Committee meeting yesterday, Kessar said: "Any talk of violating labour agreements and the cost-of-living agreement is superfluous."

Kessar added that the federation would defend the agreements "with all the means available in a democratic state."

Kessar said that the pressure on the Histadrut to stand firm against the economic programme was growing daily. Demands to fight the plan had come from unions, development towns, organizations of the handicapped, the pensioners union, women's organizations and other groups, he said.

Kessar said the Finance Minister had "hinted" to him that changes in some parts of the programme would be possible if the Histadrut agreed to the plan as a whole. He had rejected these offers out of hand, he said, because the labour federation was demanding talks on all clauses of the programme.

HOME AND FOREIGN NEWS

Feud with Nissim kept Sharon away

By SARAH HONIG

TEL AVIV. - A row between Industrial Minister Ariel Sharon and Finance Minister Moshe Nissim is what caused Sharon's demonstrative absence from last weekend's Likud ministerial caucus, Likud insiders said yesterday.

Sharon's decision to boycott the meeting was not connected with the unresolved power struggle in Herut, party sources said.

Prime Minister Shamir was infuriated by Sharon's failure to participate in the ministerial caucus.

"Those who don't want to show up to meetings might as well quit the government," the prime minister reportedly said.

Likud sources explained that Nissim vetoed a number of appointments proposed by Sharon. Despite Sharon's persistent efforts to get Nissim to change his mind, the finance minister had refused to relent, they said.

As a result Sharon stopped cooperating with Nissim. For a number of weeks Sharon has been complaining about his proposals not getting serious attention, and the lack of Treasury cooperation with his ministry. Nissim and Sharon have stopped talking to each other.

Sharon has even demanded that Shamir give Nissim's seat in the inner cabinet to former finance minister Yitzhak Moda'i.

The sources said the Nissim-Sharon rift also explained Sharon's heated outbursts in the cabinet deliberations on the economic plan yesterday. It was not so much that Sharon disagreed with the programme; what riled him was Nissim's

claim that aspects of the plan were prepared in consultation with Sharon and his ministry. This Sharon denied vehemently.

Before the weekend caucus of the Likud ministers, Sharon spoke to Shamir and threatened not to attend. Shamir reportedly reacted very angrily.

Sharon has been staying away from all Likud ministerial meetings for some time, sources close to him say. He is angry not only at Nissim but also at Shamir, who, he says, has failed to back him.



Members of a new group called "Women Against Violence" hold a vigil in downtown Jerusalem yesterday, calling for an end to violent acts in the city. Their banner reads: "Solutions, not Victims."

Fatah dissident head: Must replace Arafat

By JOEL GREENBERG

The local leader of a movement to support Fatah dissident leader Atallah Abulh (Abu Zaim) in the territories said yesterday that Yasser Arafat had reached a "dead end" as leader of the PLO and should be replaced.

Abdel Mutaleb Tahboub of Hebron told an East Jerusalem press conference that the military government had turned down his request to open an office in Hebron, and had not responded to his request to print a newspaper. Tahboub, who studied law at the American University in Beirut, sat under a picture of Abu Zaim.

"The leadership of Yasser Arafat has reached a dead end, and the struggle must continue under the new leadership of Abu Zaim," Tahboub said.

Abu Zaim, a former head of Fatah intelligence, led a mutiny against Arafat earlier this year. He called for PLO acceptance of UN Resolution 242 and negotiations with Israel in an international conference to establish

a Palestinian-Jordanian confederation.

Tahboub said his group was not connected with the "Jordanian lobby" in the territories, and had nothing to do with the reported Israeli-Jordanian policy coordination in the areas. However, he said his group based its platform on the February, 1985, political-coordination agreement between King Hussein and Arafat, and supported a Palestinian-Jordanian confederation.

Tahboub said he could not estimate the number of his supporters in the territories, but said financial support for his movement came from Palestinians.

Palestinian reporters at the press conference grilled Tahboub on his positions, and questioned him on his 16 month term in an Israeli jail. One reporter charged that Tahboub had been a collaborator.

Sources in the Judea and Samaria Civil Administration said last night that Tahboub's activities had not received any official approval and that they had received no request from him to open a newspaper.



Ira Rappaport, a member of the Jewish terror underground, alights from a police van yesterday at the Jerusalem lock-up to await sentencing for his part in the bombing attack on former Nahalal mayor Bassam Shak'a. Rappaport, 42, who spent the past three years in the U.S., returned recently to stand trial. He was convicted last week following a plea-bargaining deal and was given a short leave before returning to custody yesterday.

Check your kids for lice

By JUDY SIEGEL

Post Science and Health Reporter

Parents of school-age children are being asked to check their youngsters - and themselves - for head lice, in another attempt to eradicate the annoying pests.

The Health and Education Ministries and Kupat Holim Clalit initiated the two-week campaign against pediculosis (lice-infestation), which affects one-fifth of all youngsters in nursery school, kindergarten and elementary school. (High school pupils rarely have lice.)

Parents are urged to check their children at the nape of the neck and behind the ears, where the lice and their eggs tend to be found, and to comb out their hair with a fine-toothed comb.

The Health Ministry says that the

repeated epidemics of pediculosis can be traced to 2 per cent of the school population, who suffer chronically from head lice because of the lack of parental attention, and who transfer the bugs to other children.

The lice suck blood from the scalp and sap the strength of the affected person, and also cause itching and infections.

If the brown, black or white lice and eggs are found, they must be removed with one of the liquid shampoos or lotions recommended by the Ministry.

According to health authorities, there is no preparation that prevents lice from taking hold.

More information on dealing with pediculosis can be obtained from family-health centres (tipat lehav), Kupat Holim clinics and school nurses.

Israel's 'precious water' finds a market abroad

By BERNARD JOSEPHS

Jerusalem Post Reporter

Israel may not have much oil, but a Herzliya businessman has discovered that it does have one precious liquid - water from the River Jordan.

An apparently unquenchable world-wide thirst for a bottle of water from the river of biblical fame has turned Rami Cohen, 46, into the J.R. Ewing of the holy water trade.

Last year he sold an estimated 200,000 bottles of Jordan water at between \$4 and \$5 each to devout Christians in half a dozen countries. This Christmas season alone he reckons he will sell another 90,000, and he hopes sales for the coming year will reach 250,000.

His 60cc bottles, each tastefully packed in a wooden presentation

box and blessed by a Dominican priest, are filling the holds of cargo ships to the U.S., the Philippines, South Africa, Cameroon, Canada and Nigeria.

Cohen's latest customer is an East London businessman who is doing a roaring trade selling the water to Christmas shoppers in Britain, at \$4.95 a bottle.

Cohen said: "As a Jew I don't believe the water from the Jordan is holy. But I'm pleased to cater to those who do."

The idea came to him, he said, when he was in business selling packages of earth from the Mount of Olives to Jewish customers. "Someone told me the Christians feel the same about the River Jordan as we do about soil from Jerusalem. So I thought, well, why not?"

Now, seven years later, he can hardly keep pace with the demand. In peak season he hires as many as 80 people to help him in the back-breaking work.

Cohen and his workers get their water from one of the outlets of the Jordan near the Sea of Galilee - a favourite spot for baptism ceremonies.

There they fill dozens of 20-litre jerrycans which are each blessed by a priest, then loaded onto a truck for transportation to two packing plants, one near Tel Aviv and the other at Bethlehem.

The water is filtered and then poured by hand into the thousands of bottles, each with a picture of the Sea of Galilee and a certificate attached.

"I'm thinking of buying an automatic bottling machine," said Cohen, who is hoping shortly to start selling to Greece and Latin America.

"You could say I've done very well out of this. I certainly have no complaints," he said. "But it is extremely hard work and at this time of year I just work round the clock. My wife Miriam also pitches in, working in the office."

Cohen is planning a visit to the U.S. which he sees as his biggest potential source of income. He intends to visit church leaders and offer them his product.

Meanwhile the orders are pouring in and Cohen is already busy making plans to meet the expected huge demand for Easter and next Christmas.

Jerusalem seminar told:

Disengagement policy to avoid areas annexation

By JOEL GREENBERG

Israel must immediately implement a "disengagement policy" in the West Bank and Gaza Strip to curb the de facto annexation of the areas, Immigration Minister Ya'acov Tsaur said in Jerusalem at a symposium on Israel's policy in the territories.

Tsaur said Israel should transfer administrative authority to the Palestinians and encourage economic development in the territories to end their economic and administrative dependence on Israel. "The situation in which we are employers in the morning and rulers in the afternoon is eating away at us," Tsaur said. "It is of vital interest to us to cut this connection," he said.

Minister-without-Portfolio Moshe Arens said that until a final settlement is achieved for the territories, Israeli rule there should be based on an uncompromising fight against terrorism, which harms the Arabs more than the Jews; on educating the residents towards democracy, tolerance and coexistence; on improving the quality of life and raising living standards to levels in Israel.

Arens said that despite claims that the occupation was corrupting

Israeli society, there was greater sensitivity today to the problems of the Arabs than when Israel was founded.

The symposium at the Van Leer Institute was chaired by Jerusalem Post editor Art Katz. It included lectures by Hebrew University professor Emmanuel Sivan and former West Bank military commander Aryeh Shalev, who is currently a researcher at Tel Aviv University.

The relationship between the territories and Israel is one of "dependence without sovereignty in which an underdeveloped economy is linked to a powerful economic system," Sivan said.

"When a common market is created between a sophisticated economic entity and one which is backward, profits naturally go to the more developed entity," he said.

Shalev said Jordan had used a carrot-and-stick policy to win supporters in West Bank administrative positions, but had made virtually no dent in the PLO's popularity. Most of the population in the territories supported the PLO as a national symbol and would continue to do so in the near future, he said.

Manhunt for J'lem murderer

By HERB KEINON

For The Jerusalem Post

The police's anti-terror unit were still searching last night for the drug addict who shot and killed 27-year-old Batseva Deri and also shot at her ex-husband Haim bin-Nun, in Jerusalem's Shmuel Hanavi neighbourhood yesterday.

Police believe the shootings were related to an underworld feud.

About 4.30 p.m. yesterday, the murderer entered an apartment block 101 in Shmuel Hanavi and shot at a person outside Bin-Nun's flat. He then shot into Bin-Nun's flat. Bin-Nun was not injured, but his dog was killed and the facade of his apartment was damaged.

Police say that the attacker then raced to another entrance in the apartment block and killed Deri in her flat. Her young son was in the flat at the time of the murder, but was apparently not hurt. The murderer then escaped.

Neighbourhood residents said they had complained about the suspected killer to the police a number of times, but the police had released him after questioning.

Bir Zeit teacher charged in court

Jerusalem Post Reporter

The Bir Zeit University political science professor arrested during a confrontation between students and security forces on December 4, was charged yesterday in a military court in Nablus with inciting students to disobey an IDF order to end their demonstration against an army roadblock.

The roadblock confrontation later became violent and resulted in the

deaths of two students.

Prof. Salah Abdel Jawad was also accused of leading the sit-down protest at the roadblock. His remand was extended for 18 days.

A border policeman said that Jawad had called for a non-violent demonstration, but this was contradicted by a captain from Ofra, who said that Jawad had called on the students to throw stones. The captain later shot and killed one of the students.

Jawad's attorney Lea Tzemel denied the charges.

Terrorist's house sealed in Jerusalem

Security forces yesterday sealed shut the house of a member of a terror gang that murdered British tourist Paul Appelby and Israeli businesswoman Zehava Ben-Ovadia in East Jerusalem last April.

Troops sealed the house of Nird Sanduka in the Wadi Joz neighbourhood of East Jerusalem.

Basketball upset

Post Sports Staff

A major upset took place last night in the 15th round of National Basketball league play, as newcomers Hapoel Givat, threatened with relegation, whipped second-place Elitzur Netanya 95-82.

Other scores: Maccabi Tel Aviv 115, Maccabi Haifa 68; Hapoel Tel Aviv 84, Bnei Tel Aviv 76; Hapoel Be'er Sheva 96, Hapoel Jerusalem 75; Hapoel Haifa 94, Maccabi Ramat Gan 95; Gali Dikron 99, Hapoel Ramat Gan 92.

Flu vaccine put on sale today

Post Science and Health Reporter

A batch of 10,000 doses of vaccine against the new strain of Singapore (Taiwan) flu arrived in Israel yesterday, and will be distributed to pharmacies and health fund clinics today and tomorrow.

An additional shipment of 15,000 units of vaccine against the old strain of flu that is infecting many Israelis is due to arrive on Thursday.

A shortage of vaccines for both strains of flu occurred last week

because many young, healthy people who don't need the shot bought it anyway, according to the Health Ministry. The only people who should be vaccinated are those in high-risk categories, such as the chronically ill and elderly.

Only a Dutch pharmaceutical company was able to supply so many units of Singapore flu vaccine.

The Dutch vaccine sells for NIS 21 a shot, compared with NIS 10.60 for the French-made regular vaccine.

Court upholds sentence for attack on bus

The Supreme Court yesterday upheld the life sentence given to David Ben-Shimol, who was convicted of shooting a LAW rocket at an Arab-owned bus in 1985. One was killed and several others were wounded in the attack.

In his appeal, Ben-Shimol argued

that his attacks had been in reaction to the murder of Jews by terrorists. He also argued that he had not intended to kill anyone, but only to "get the government to open its eyes" and "get the Arabs to realize that they too can easily be hurt."

With great sorrow we announce the sudden passing on Shabbat Kodesh, 17 Kislev 5747 (19.12.86) of our beloved, the Av Beth Din Emeritus of Cape Town, Harav Hagaon, Prof.

EUGENE YA'AKOV DUSCHINSKY ז"ל

the son of Harav Itzhak Michael ז"ל (Rakoshpalota, Hungary).
The funeral took place at Kiryat Shaul, Tel Aviv.

Deeply mourned by his
Son: Dr. Michael Duschinsky — Oxford, England
Brother: Dr. Yehzekiel Duschinsky
Sister: Mrs. Rachel Aharoni and their families.

Shiva: 1. Family Mendel (03-746286), 24 Rehov Yitzhak Sadeh, Bnei Brak
2. Dr. Duschinsky (03-657537), 44 Allenby St., Tel Aviv.

In very deep sorrow, we announce the death of

SHIMON AMIEZER

The funeral will take place today, Monday, December 22, 1986 (20 Kislev 5747) leaving from the home of the deceased, 22a Rehov Sokolow, Nahariya, for Nahariya Cemetery.

Please phone 04-290862 for the time of the funeral.

The Family

The South African Zionist Federation, South Africa and Israel express profound regret at the sudden passing in Israel of

Rabbi Prof. E.J. DUSCHINSKY

Av Beit Din of Cape Town. Vice-President, Western Province Zionist Council an inspired leader of the Jewish community of South Africa.

Deeply mourned by his former colleagues and pupils.

Chad forces claim 400 Libyans killed in counter-drive

N'DJAMENA, Chad. — Pro-government forces launched a counter-offensive against Libyan-backed fighters in the northern Tibesti region, killing 400 Libyans and taking one besieged town, Chad Radio announced yesterday.

Fighting was continuing around the towns of Wour and Zouar, in the western area of Tibesti, while at Bardai, in the centre, "the enemy turned back in catastrophe" after heavy losses of men and equipment, the radio said, quoting a statement by the Chadian National Armed Forces.

The statement said one man was killed and three injured on the government side.

The counter-offensive answers a Libyan land and air attack Saturday morning in the mountainous Tibesti region of northern Chad.

Libyan soldiers and Chad rebels led by Sheikh Ibn Omar are pitted against forces loyal to former rebel leader Goukouni Oueddei, whose troops turned against Libya in late October and joined the government.

Goukouni is under house arrest in Tripoli.

Libya's official Jana news agency said that Chad government troops, aided by France and the U.S., had crossed the 16th parallel which divides the Libyan-occupied north from the government-controlled south to join Goukouni's forces.

But Libya has denied involvement in the fighting. In a report yesterday, monitored by the British Broadcasting Corporation, Jana quoted a "responsible source" at the Foreign Ministry in Tripoli as saying Libya had "nothing to do with the conflict in Chad." (Reuters, AP)



Cuban dissident Eloy Gutierrez Menoyo, freed after 21 years in Cuban jails, is greeted by his daughter, Elena Patricia, on his arrival in Madrid yesterday. Menoyo, 52, fought with Castro before the 1959 revolution, but was jailed in 1965 on a charge of trying to overthrow the Cuban leader.

Eighty killed in Iraqi air raid

TEHRAN (AFP). — More than 80 persons were killed and many others wounded when Iraqi planes bombed the western Iranian town of Bakhtaran yesterday, the Islamic Republic News Agency (Irna) reported here.

The raid, by three waves of Iraqi fighters, concentrated on residential areas, Irna said. It said Iran would

retaliate with 24 hours of long-range artillery fire on Iraqi military and industrial areas, starting at 16.30 GMT. In Baghdad, a military spokesman said Iraqi aircraft had inflicted "heavy damage" in simultaneous raids on military camps at the Iranian towns of Islamabad and Bakhtaran, and also attacked an air base at Bakhtaran.

Voyager in last quarter

MOJAVE, California (AP). — Voyager neared the end of its Atlantic crossing yesterday riding tailwinds toward the coast of South America in an effort to set an aviation landmark by circling the globe without refueling.

The aircraft, designed especially for the record attempt, was about 240 km north-east of Georgetown, Guyana at 1230 GMT, according to

mission control spokesman Gary Gunnell. At this point, Voyager had travelled 32,630 km with 7,900 km to go, and was cruising about 206 kph.

Gunnell predicted Voyager would slow down later yesterday as it loses the tailwinds that have pushed it across the Atlantic.

The plane is due to turn northward after crossing Central America for the final leg of its return trip to Edwards Air Force Base, California.

IRA bombs inn and two hotels

BELFAST (Reuters). — The outlawed Irish Republican Army (IRA) launched a pre-Christmas bombing blitz in Northern Ireland, blasting bars and hotels in concerted attacks.

The IRA, fighting to end British rule in the strife-torn province, claimed responsibility for the Saturday night blasts which caused extensive damage but no casualties among revellers out for a weekend drink.

Bombs exploded in two hotels and a bar in County Tyrone, on the border with the Irish Republic, while a fourth was defused by British army bomb disposal experts outside a bar in County Londonderry, police said.

Last night's bombs were planted within a 32 km. radius and all within an hour.

Staff and customers at a hotel in Cookstown were evacuated after a telephone warning of a car bomb, which then ripped through the building and caused a fire.

A gang of armed and masked men burst into a Cookstown bar and planted a number of devices. Two exploded minutes after the building was evacuated.

Another bomb blasted the Inn on the Park in Dungannon just as customers were being evacuated after a telephone warning.

Turkey charges harassment by Greek warplanes

ANKARA (AP). — Turkey has protested to Greece over the alleged harassment of its marine patrol aircraft in the Aegean Sea on Friday, the Foreign Ministry announced yesterday.

The announcement came at a time when the already tense relations between the two neighbouring countries were strained even further following a border clash that resulted in the death of two Turkish and one Greek soldier Friday.

The Foreign Ministry said in a written announcement that two Greek Air Force F-4 jets harassed a Turkish patrol marine aircraft six times during a routine exercise.

It claimed that the incident occurred in international airspace over the Aegean and described it as "an act with potentially grave consequences."

New Egyptian rules for nuclear ships

CAIRO (Reuters). — Egypt, concerned for the safety of Canal Zone residents, yesterday set new rules for the transit of nuclear-powered ships and those carrying nuclear material through the international waterway. Canal Authority Chairman Mohammed Ezzat Adel told the Middle East News Agency the conditions included a \$10 million insurance policy coupled with safety guarantees from Nuclear Energy Commissions which own shipments.

Adel said such ships would not be allowed to load or unload cargo in any of the canal's harbours.



Thousands of students fill the streets around the Shanghai city hall yesterday in support of a call for democratic reforms.

German missile experts 'helping Gaddafi'

HAMBURG (AP). — West-German experts are secretly helping Col. Muammar Gaddafi build and test missiles in the Libyan desert to replace obsolete Soviet rockets, the weekly magazine Stern reported yesterday.

Missile and electronics parts are being shipped to Tripoli, the Libyan capital, labelled as "air freight," then transported 700km. south to a secret desert construction and test range, Stern said.

Electronics experts and engineers from West German research institutes, such as the Max Planck Institute for Nuclear Physics, and from high-technology firms are helping the Libyans construct the missiles and carry out test shots, the report continued.

Stern attributed the details of the report to "documents and records" which it said were also being examined by the Karlsruhe prosecutor's office and West German customs investigators.

It quoted an unidentified spokesman for the prosecutor's office as saying the authorities had undertaken two investigations "into possible illegal war weapons exports and violations of foreign trade laws."

Stern will carry the report in the issue that goes on sale tomorrow, but excerpts were telexed in advance to news agencies.

Controversy over illegal arms exports arose in West Germany last month following allegations that a Hamburg shipbuilder sold submarine blueprints to South Africa with the tacit approval of the federal government.

The conservative-led coalition administration of Chancellor Helmut Kohl has denied approving the blueprint export. But, under opposition pressure, a parliamentary commission will convene next month to probe the allegations.

In its report, Stern said Gaddafi's missile construction range was located in the Sahara desert near the Ghat oasis where the borders of Libya, Niger and Chad converge.

The new missiles are intended to have a 500-km. range and allow the Libyans to place in reserve older Soviet "Scud" and "Frog" rockets which are deemed obsolete, Stern reported.

West German law forbids weapons dealings with countries engaged in war or other armed conflict.

Libyan troops that have occupied northern Chad for years have been reported involved in fighting in recent days. Moreover, Western governments have banned military aid to Libya because of the radical Gaddafi regime's suspected support of terrorism.

Shultz ready to meet ANC leader

WASHINGTON. — Secretary of State George Shultz "very likely" will meet with Oliver Tambo next month if the president of the African National Congress visits here, a government official said yesterday.

The official, who asked not to be named, also noted that Tambo has not followed through in the past with plans to visit Washington.

The ANC is the main guerrilla group seeking to overthrow the Pretoria minority government. Michael Armacost, Under-

secretary of State for Political Affairs, was quoted as calling the ANC "obviously one of the most important players involved in South Africa" after a three-hour meeting in Lusaka, Zambia, with leaders of the exiled and outlawed group.

South African President P.W. Botha has condemned the ANC as a Communist-influenced terrorist organization intent on escalating violence and pushing Southern Africa into the Soviet sphere of influence. (AP, AFP)

SHANGHAI

(Continued from Page One)

freedom," it quoted a city government spokesman as saying.

Saturday night, witnesses reported that police broke up a crowd of thousands outside the city hall and arrested at least seven youths in the third straight day of major unrest.

Student leaders earlier yesterday accused police of beating up about a dozen demonstrators on Saturday and arresting 200, but said nothing about students assaulting police.

The news item said the protests began when more than 5,000 students from Jiaotong and Fudan universities marched to the city centre "in utter disorder" and several hundred broke into buildings of the municipal government.

After appeals for calm from mayor Jiang Zemin, some students left, but others refused to go.

"The municipal government demanded they leave before the 5.30 peak traffic, but they insisted on staying, and when policemen urged them to disperse, the students beat up 31 of them," the agency said.

A city government spokesman said there had been no cases of police beating or arresting students.

Witnesses earlier said police broke up a crowd of thousands outside the city hall last night.

India-Pakistan pledge on terror

LAHORE, Pakistan (Reuters). — India and Pakistan yesterday pledged not to support terrorists and agreed to step up military cooperation along their common border.

A joint statement after two days of talks in Lahore said the two countries would hold further discussions on the subject of terrorism and illegal border crossings.

The talks were aimed principally at tackling one of the main points of discord between the two historical rivals, alleged Pakistani involvement in encouraging violence by Sikh extremists campaigning for independence in India's Punjab state.

Syrians tighten grip on Tripoli

Post Middle East Staff and Agencies

BEIRUT. — The Syrian Army carried out a series of house raids in the northern Lebanese city of Tripoli yesterday after rooting out Sunni Moslem fundamentalists in weekend battles that killed at least 30 people.

Residents told Reuters that Tripoli was quiet yesterday after 36 hours of continuous battles.

Militiamen of Tawheed Islami, a Sunni Moslem fundamentalist faction with close links to PLO chief Yasser Arafat, have been blamed for grenade and gunfire attacks on Syrian checkpoints in Tripoli's Tabaneh district that touched off two days of fighting.

Several arrests were made in yesterday's raids by Syrian troops, said a Tripoli police spokesman. "The Syrians are now in firm control of the whole of Tabaneh district," he added.

Despite the quiet, Tripoli's streets remained tense yesterday, with Syrian armoured vehicles and steel-helmeted soldiers on constant patrol. Few shops opened and residents

PLO exposed in bid to smuggle arms

The PLO is reported to have attempted to smuggle arms from South Yemen to Beirut in Red Crescent ambulance aircraft, according to two Scandinavian papers, *Dagens Nyheter* and *Joland Posten*. The papers said the plot was foiled when a Swedish pilot hired by the PLO to make the flights discovered the deception. The pilot, named only as Lindwall, told the papers that the Fatah-owned craft were filled with arms and ammunition. He refused to fly, he said, both because it was illegal and "because I feared for my life."

The papers note that Fatah has stepped up its efforts to get arms and ammunition through to pro-Arafat elements in Beirut and Sidon, but has been facing considerable difficulties because all sea and airports in the area are under Syrian, Christian or Amal control.

said there were long lines in the streets outside bakeries.

At the Shatila refugee camp in Beirut, Shi'ite Moslems and Palestinians continued mortar and tank-fire battles yesterday. Five people were reported killed and 23 wounded. The fighting has lasted four weeks, and more than 500 people are said to have been killed.

In Tunis, the PLO said it would challenge Syria's 10-year-old Arab League mandate to have troops in Lebanon when Arab foreign ministers hold emergency talks today.

In the meeting of the 21-member Arab League will be the second in two weeks on Lebanon's "camps war."

Philippine labour opposed to draft constitution

Aquino regime charged with 'moving to the right'

MANILA (AP). — The country's largest labour movement, claiming President Corason Aquino's government had drifted to the right, said yesterday it would oppose her "pro-imperialist" constitution in a plebiscite next year.

A regional faction of the Marxist Rebel National Democratic Front also said it opposed the 109-page constitution, which was completed in October by a presidential commission. The draft goes before the voters on February 2.

Nido Nabong, NDF secretary for north-central Mindanao, said his regional group objects to provisions in the constitution that would permit U.S. military bases to remain in the Philippines after 1991 if a new treaty is signed. He also said constitutional provisions on land reform and workers rights in the proposed constitution were "flawed," but did not elaborate.

In Manila, the 350 delegates to the congress of the May 1st Movement, known by its Tagalog acronym KMMU, approved their resolution on the final day of a weekend convention yesterday.

Delegates ended the convention by electing spokesman Crispin Beltran, 53, as chairman. He succeeds Rolando Olalia, the victim of an unsolved kidnapping last month which leftists blame on "fascist elements" linked to ex-defence minister Juan Ponce Enrile. Enrile denies the charge.

Beltran said the delegates also agreed that the KMMU, which claims more than a half million members, would end its policy of restraint in strikes and labour agitation against the Aquino government.

The resolution claimed the draft charter links the national economy to "U.S. imperialism" and does not go far enough in providing for land reform.

Before his election, which was unopposed, Beltran said the delegates were alarmed at what they considered a right-wing drift in the Aquino government.

Beltran told the Associated Press that the convention expressed concern over the government's "irreversible drift to the right."

"Its rightist policies have left behind its liberal democratic tendencies," Beltran said. He cited such policies as the selling off of unproductive state companies, adherence to International Monetary Fund recommendations for debt repayment and liberalization of imports.

Delegates also reaffirmed support

for Labour Minister Augusto Sanchez, who is leaving the cabinet at the end of this month. Sanchez, an advocate of workers' rights, has come under attack from business and military leaders.

Last month, Chief of Staff Gen. Fidel Ramos asked that Sanchez be fired for "incompetence."

The KMMU is linked to the Partido NG Bayan (PNB), or People's Party, the most left-wing of the country's legally recognized political groups.

Beltran, who was KMMU vice-president from 1980 to 1981, was jailed by Marcos in August, 1982, and charged with subversion and insurrection. He escaped on November 1984, and went underground from which he emerged last May, three months after Aquino took office.

Countdown to Hanukkah. Only 5 days to go. Send your contribution NOW!



Israel Association for Secular Humanistic Judaism English Speaking Section Panel Discussion

"Rule by Law or Rule By Halacha"

M. Bar On, Prof. Z. Falk, G. Glazer
Wednesday, Dec. 24, 8:30 p.m.
Tzavta, 38 King George St.
Admission: NIS 3

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- * At the end of the savings period, you are entitled to a new car loan, up to the amount in your HISACHON RECHEV account at maturity.

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התנועה העולמית למשפחה

By MENACHEM SHALEV

Jerusalem Post Reporter
Ten MKs, 11 Hebrew University professors, a battery of lawyers and hordes of journalists will vie for limited seating space this morning as the High Court of Justice begins its hearings on the extradition of William Nakash to France.

Most of the facts in the case are not in dispute. Twenty-five year-old Nakash, of Jewish North-African descent, has admitted that on February 22, 1983 he and two accomplices gunned down 20-year-old Algerian-born Abdelali Hakkar outside a bar in the French town of Besancon.

Nakash had been summoned to Besancon by his brother Marco, who was part-owner of the Select night-club. Marco Nakash and his partners had decided that Hakkar, a member of a large local clan, needed to be "taught a lesson" for his continuing harassment of night-club owners.

French authorities maintain that the killing of Hakkar was a straightforward, gangland-style execution. Nakash's attorney Roland Roth claims that Besancon was a hotbed of virulent anti-Semitism and Jewish-Arab tensions.

In early March, 1983, Nakash, now a wanted criminal, escaped to Israel. He stayed at Kibbutz Ein Harod for two months and later joined a yeshiva in Jerusalem, where he became observant. Several months later Nakash met his future wife Rina, who was to lead the public campaign against her husband's extradition.

Nakash entered Israel under an alias, Rudi Atlan. The Interior Ministry has refused to provide exact details of Nakash's acquisition of Israeli citizenship under the Law of Return. The petitioners to the High Court have claimed that Nakash concealed his Besancon killing from the authorities.

But Interior Minister Yitzhak Peretz said several months ago that Nakash had been accepted under the Law of Return because "we didn't think that he would pose any danger to the Israeli public."

In 1984, a French court tried William Nakash in absentia for the 1983 murder and sentenced him to life imprisonment. Under French law, if Nakash were to come to France, he would automatically be granted a retrial.

Nakash court case today to study mass of claims

On May 2, 1983 French police issued an international warrant for Nakash's arrest, as shown by their reply of June 21, 1983, Israeli police already knew that the fugitive from France was in Israel.

But it took the Israeli police almost two years to catch up with Nakash, and even that was an accident. On March 17, 1985, Nakash was apprehended on the Jerusalem-Jericho highway while taking part in a robbery attempt. Two of the four participants in this incident are now awaiting sentencing before the Jerusalem District Court.

The third participant, Meir Cohen, succeeded in getting Nakash off the hook by offering to turn state's evidence. One of the main factors that persuaded then Jerusalem district attorney Asher Palgi to exempt Nakash from prosecution

was the presumption that he was going to be extradited to France anyway.

Acting on instructions from former justice minister Moshe Nissim, then attorney-general Yitzhak Zamir petitioned the Jerusalem District Court on April 29, 1985, to declare Nakash "subject to extradition." Such a declaration is required by the Extradition Law before an extradition order can be issued by the justice minister. Five months later, on September 11, 1985, the court ruled that Nakash was subject to extradition.

On September 9, 1986 the Supreme Court affirmed, on appeal, the lower court's decision. The court ruled that Nakash's claims of a racially motivated killing did not exempt him from extradition to France. His extradition thus became

subject to a decision by newly appointed Justice Minister Avraham Shari.

From the start, Shari appeared to be very reluctant to extradite Nakash. He told reporters that his predecessor, Yitzhak Moda'i, had already decided in Nakash's favour. Shari's offices were inundated with hundreds of letters and telegrams from Nakash supporters.

The two chief rabbis ruled that extraditing Nakash was against halacha (religious law), since handing him over to the French would endanger his life.

Shari sought a solution by proposing a law that would have enabled Nakash to be imprisoned in Israel. The proposal, however, elicited immediate howls of protest; the country's top legal civil servant,

Attorney-General Yosef Harish, described Nakash as "representing all the worthless trash of the Jewish people."

Fearing a defeat of his proposal, Shari announced on December 4 that he had decided not to extradite Nakash. He said that his main concern was that Nakash's life would be in danger in a French jail, where he would be targeted by the Hakkar clan and other "Palestinian-Arab organizations."

The next day, a petition against Shari was presented to the High Court. The petitioners, MK Shulamit Aloni and Dedi Zucker of the Citizens Rights Movement, and CRM attorney Avraham Gal - later to be joined by Mapam MKs Chaika Grossman and Elazar Granot and Shaini MKs Mordechai Virshupski and Zeidan Atshe - asked the court to order the respondents (Shari, the Prisons Service commissioner and Nakash) to revoke the justice minister's decision. They claimed that Shari's decision was "unreasonable" and that Nakash constituted "a danger to the public safety."

Justice Ministry lawyers, who

opposed Shari's decision from the start, engaged in several days of public soul-searching about representing their minister. Finally, however, in light of Harish's declaration that Shari "should be given a chance to defend himself in court," the State Attorney's office relented and prepared Shari's defence.

Eleven Hebrew University professors have also asked to join the fray as petitioners. Nakash's wife Rina, as well as Tehiya MKs Yuval Ne'eman and Eliezer Waldman and Likud MK Benny Shalit, have asked to join as respondents. The respondent MKs claim, as does Shari, that the High Court should not intervene in a "political" decision which falls within a minister's discretion.

An expanded five-judge panel will confront this host of litigants at 10 a.m. today and try to unravel the contradictory claims and counter-claims about the background to Nakash's 1983 killing, the danger to him in a French jail and the scope of a minister's powers. Nakash himself will not be present in the courtroom.

Row over Arab Land compensation

By DAVID RUDGE

Jerusalem Post Reporter
NAZARETH. - The Committee for the Protection of Arab Land held its first national conference in 10 years here on Saturday amid controversy over "compensation" payments for those killed and injured in the 1976 protests against the government's expropriation of Arab-owned land, on what came to be known as Land Day.

The committee has recently been under pressure to disclose what became of the money it allegedly raised in the name of the six people who died in the 1976 riots.

Dozens of people were injured in clashes with police and security forces round the villages of Saknin, Arraba and Deir Hanna. Several of the families of those killed and injured have accused members of the land protection committee of using funds - raised in Israel and abroad ostensibly on behalf of the victims -

for private purposes, including trips abroad and the purchase of new cars. The issue has been taken up by the Progressive List for Peace, which has distributed thousands of leaflets throughout the Arab sector, demanding to know where the money has gone.

Committee members at Saturday's conference hotly refuted the allegations, claiming that the funds raised in the past decade have been used to finance the continued operations of the committee.

They accused the PLP of trying to make political capital out of the issue and split the ranks of the committee. More than 1,000 people, the majority of them members of Rakah, attended the conference. Participants included two Communist Knesset members, Tawfik Toubi and Tawfik Zayyad, who is also mayor of Nazareth, and 22 of the 48 heads of Arab local councils.

Families of the Land Day victims

stayed away.

During the conference a 300-member council was elected to manage the committee's affairs and a number of resolutions were passed, including condemnation of anti-Arab violence in Jerusalem and the "iron-fist" policies of security forces in the territories. The committee declared its solidarity with the Arab residents there, and with the PLO in its battle for survival against the Amal Shi'ite militia in Lebanon.

The conference also called for an end to the "expropriation of Arab land, and the formulation of regional plans to resolve the problem of illegal building in Arab villages.

Another resolution called for increases in budget allocations to Arab local councils, to bring them in line with similar-sized Jewish bodies, and for an end to alleged discrimination against Arab residents of mixed Arab-Jewish centres like Jerusalem and Acre.



A Greek Orthodox priest cleans up the Grotto of the Church of the Nativity in Bethlehem yesterday. (Nowitz/Media)

Christmas in Bethlehem: A mixture of rites

By HAIM SHAPIRO

Jerusalem Post Reporter
In the West, Christmas usually means tinsel and bells and Santa Claus. In Bethlehem, it means a complex mixture of rites.

The different rituals and religious experiences, which take place not only at different sites but also on three separate dates, have been encapsulated in a half-hour film, *Christmas Experience in Bethlehem*, just released by the Israel Film Service.

Producer Boris Maftir explained to *The Jerusalem Post* that he shot the film a year ago, sending out film crews on the Western Christmas (December 25), the Greek Orthodox Christmas (January 7), and the Armenian Christmas (January 19). He also used different film crews to capture different ceremonies taking place at the same time.

The rites of 11 different churches are recorded in a patchwork of brilliant sound and colour.

Shots include the processions of the three patriarchs - Greek, Armenian and Latin - as they leave their residences in Jerusalem and as they arrive in pomp in Bethlehem. But there are also shots of the Syrian Orthodox chanting in Aramaic, the

language spoken by Jesus; of earnest Anglicans singing carols; and of the Syrian Catholics carrying the figure of the infant Jesus around a bonfire.

Yoram Ben-Zeev, who supervised production for the Foreign Ministry, which initiated the project, explained that he realized the need for a more comprehensive film of the Christmas holiday than those previously available. He was also concerned that no community should feel slighted by the way they were presented.

After the film was completed, it was sent to several diplomatic representatives abroad, who showed it to church leaders there. The response, he said, was uniformly positive. The film is available in English, French, German, Spanish and Italian.

Among the countries where it is due to be seen on television, either before or during the holiday, are Italy, Spain, Sweden, the U.S. and several countries in Latin America. The film will also be shown in Cyprus, the first time a film from the Foreign Ministry has been shown there.

Israelis, however, will not be seeing it. Ben-Zeev said that Foreign Ministry films are normally not shown on local television.

New director for Health Ministry

By JUDY SIEGEL

Post Science and Health Reporter
The cabinet yesterday approved the appointment of Dr. Dov Golan as director-general of the Health Ministry. Golan, 53, currently medical director of Haifa's Rothschild Hospital, takes up his new post on January 1.

Golan will be replacing Prof. Dan Michaeli, who will return to his previous post as director of Tel Aviv's municipal hospitals. A few weeks ago the ministry stated that Michaeli was leaving after years by Tel Aviv Mayor Shlomo Lahat that he take charge of the city's hospitals. But

there have also been reports that the new health minister, Shoshana Arbeli-Almosino, did not see eye-to-eye with Michaeli and wanted him replaced.

Golan was born in Vienna and immigrated here in 1938. He graduated from the Hebrew University-Hadassah Medical School, where he studied internal medicine, immunology and hospital administration. He is married and has one child. The deputy head of the Tel Aviv municipal hospitals after January 1 will be Dr. Bianca Lederman. The 49-year-old physician has served as chief medical officer of the Women's Army Corps.

Disillusioned with gov't sponsorship

Project launched for private cultural centre in Ramat Hasharon

By MARSHA POMERANTZ

Jerusalem Post Reporter
HERZLIYA. - A private initiative for the construction of a huge cultural complex in neighbouring Ramat Hasharon, to be known as the Israel Centre for Music and the Performing Arts, was unveiled at the Daniel hotel here on Friday before journalists, independent producers and administrators of publicly-supported arts institutions.

The initiative comes as a result of disillusion with government sponsorship, according to Moshe Verbin, chairman of the Ramat Hasharon local council. "The ruling establishment has reached the limit of its capacity to implement," he said. Hobbled by bureaucracy, it could no longer gather the funds, know-how, and talent to produce quality work, he said, and the usual "65-80 per cent" grade of efficiency was simply not enough.

The investors in the Ramat Hasharon complex are Arte Italia, a Trieste-based group of Italian companies specializing in performing arts installations - including stages, sound and interior design. Their \$20 million investment is estimated to cover construction but not maintenance or operating costs.

The 100-danum complex, which is to include a 2,700-seat opera house, a five-hall cinema arts building, a skating rink, an outdoor amphitheatre seating nearly 15,000 people, the Rimmon School of Music, a museum of toys and an artificial lake, as well as restaurants and cafes, is the idea of architect I.M. Goodovitch, who designed the buildings. The opera house is projected for completion by Independence Day of 1989, when it will be dedicated with a production by La Scala of Milan.

According to the declaration of intentions read by TV anchorman Daniel Pe'er, who served as press conference master of ceremonies, the centre is designed to serve all Israeli audiences and to give both national and international artists - Jewish and non-Jewish - a suitable setting for high-quality artistic performance. In particular, it is to emphasize the artistic expression of Mediterranean countries.

Some of those present questioned whether the Ramat Hasharon venture would conflict with the recently

started New Israel Opera (NIO), which is concentrating first on forming a company, but already has plans for a 1,800-seat opera house in a projected performing arts complex near the Tel Aviv Museum.

The NIO opera house, designed by Ya'acov Rechter, will not be finished for at least four years. While the company receives some government support, it is seeking private funding for construction.

Uri Ofer, director-general of the NIO told *The Jerusalem Post* yesterday that he had not been approached by the Ramat Hasharon planners and knew nothing of the project. "But it's a free country," he said, with some sarcasm. "We can have opera in Ramat Hasharon, Karkur, wherever you want, as long as you have the money."

When Goodovitch, the Ramat Hasharon architect, was asked at the press conference about the NIO, he said "the Ramat Hasharon facilities would be open to any group of a sufficiently high artistic level."

The Ramat Hasharon council has approved the programme and specifically the opera and the museum. A subcommittee has been named to continue negotiations.

Roberto Variola of Arte Italia told the press conference that only Italian-made fittings would be used in the opera house, and that the technical expertise of La Scala and of the Giuseppe Verdi Theatre in Trieste had been offered to the new centre.

Baron Raffaello de Banfil, artistic director of the Verdi Theatre, confirmed the offer and suggested exchanges which would include a visit by his company to Israel and the inclusion of work by Israeli composers in his company's repertoire.

The toy museum at the complex is to be the gift of the Jewish community of Toulouse, and has the patronage of French Minister of Culture Francois Liotard.

Goodovitch and company will seek further private funding in Israel and abroad.

Although there is no artistic director yet for the centre, Goodovitch announced that Placido Domingo, the world-famous tenor who spent two years early in his career with the Israel Opera, had offered his services.

Lena Grossman - an appreciation

Yelena (Lena) Grossman nee Katz died suddenly and unexpectedly last month on the brink of motherhood at the age of 36, unconscious in a faraway hospital where she was on a short business trip with her husband, Ed.

Her mother, who had come to Israel with her from Leningrad 13 years ago, flew to see her only daughter. But Lena never regained consciousness.

The baby, David, survived for 30 days. Mother and infant are buried side by side on a hillside overlooking Moshav Eshkol at the Eretz Hahaim cemetery.

Those of us left behind can only wonder at the tragedy. I mourn the loss of a dear friend, a wonderfully warm and kind woman whose se-

rious chuckle I will never hear again.

I remember Lena attending her mother's Russian lunches while Ed was doing reserve duty, sharing a small work-table at home in a tidy, tiny apartment; at her office desk surrounded by telephones, shelves, display niches, files and design books; sipping wine at our fireside; making weak tea; moving daintily in Japanese-style clothes.

When Lena left the Soviet Union she embarked on a career in fashion design - first at Polgat, then Jerolim and finally for Bordeaux where she was chief designer and revolutionized the production of lingerie. Her designs were sold at some of the best-known department stores in France, England and the U.S. Lena was extremely conscientious

and naturally elegant, an unusual coiffure set off her delicate face and translucent skin. She was a generous person, teaching all she knew to other young designers and plying visitors at home with everything in her fridge.

This past year had seemed so full of promise - marriage, a bigger apartment, a baby on the way.

Our world has suddenly become smaller. Judy Cooper-Weil

DAYCARE. - Wizo daycare centres are to function normally today. If the dispute over shorter hours and improved working conditions is not resolved, however, the centres will open at 11 a.m. tomorrow.

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In cooperation with

Jerusalem Organization Department the World Zionist Organization

Zionism and its Opponents The Struggle Over Hegemony in the Jewish World

International Academic Conference at the Hebrew University of Jerusalem The Truman Institute for Peace, Mount Scopus Campus December 28 - 31, 1986

Sunday, December 28

09:00-11:00 Greetings: Mr. Avraham Harman, Prof. Yohanan Friedman, Prof. Izak Warszawski, Prof. Yisrael Gutman, Zionism and its Opponents - A Retrospective Evaluation Prof. David Vital Eretz Israel as Focus of Contention and Agreement between Zionism and Anti-Zionism Prof. Israel Kolatt

11:30-13:30 The Confrontation between Zionism and Anti-Zionist Religious Orthodox: Chairman: Prof. Jacob Katz/Dr. Jacob Tzur, Prof. Joseph Selmon, Dr. Menahem Friedman
15:00-17:00 The Zionists and Their Opponents in Poland: Chairman: Prof. Chone Shmeruk, Prof. Israel Gutman, Dr. Aharon Weiss, Dr. Emmanuel Meitzer
17:30-19:30 Zionism and its Opponents on the Left: Chairman: Prof. Gabi Cohen/Prof. Jonathan Frankel, Prof. David Weinberg, Dr. Sylvia Shantokovskaya, Ms. Judith Lwerant

Monday, December 29

09:00-11:00 Zionism and its Opponents on the Left (continued): Chairman: Prof. Nehemia Levtzion/Prof. Anita Shapira, Prof. Mordechai Altshuler, Dr. Neelam Kezaz
11:30-13:30 Zionism and the Canaanite Challenge: Chairman: Prof. Yehoshua Ben-Arieh/Dr. Jacob Sharvit, Dr. Nurit Gertz, Mr. Boaz Evron
15:00-17:00 The Relationship between Zionists and Liberal Assimilationists: Chairman: Prof. Eviatar Friesel/Prof. Yehuda Reinhardt, Dr. Gideon Shimon, Prof. Michael Abitbol

Tuesday, December 30

09:00-11:00 The Zionists and Their Opponents in the United States: Chairman: Prof. Moshe Davis/Prof. Aryeh Goren, Dr. Menahem Kaufman, Prof. Lloyd Gertner
11:30-13:30 The Confrontation With Non-Zionists and Anti-Zionist Thinkers: Chairman: Dr. Shmuel Almog/Prof. Eliezer Schwed, Prof. Stephen Moses, Prof. Menahem Brinker
15:00-17:00 Zionism and Non-Zionism in World Jewish Organizations: Chairman: Prof. Netanel Katzburg/Prof. Haim Avni, Dr. Ernest Stock, Mr. Yigal Ilan, Prof. Izak Warszawski
20:00-22:00 PUBLIC SESSION: Chairman: Prof. Yehuda Bauer: Holocaust and Zionism in the View of She'arit Ha-Piela Mr. Zev Mankowitz The Impact of the Holocaust on the Relationship between Zionists and Non-Zionists Discussants: Prof. A.B. Yehoshua, Dr. Israel Singer, at the Van Leer Institute, Jabotinsky St., Jerusalem

Wednesday, December 31

09:11-11:00 National Movements and Their Opponents - Comparative Perspectives: Chairman: Prof. Hedva Ben-Israel/Prof. Shlomo Avineri, Israel Gutman, Dr. Benjamin Neuberger
11:30-12:00 Ben-Gurion between the Zionist Movement and the Jewish People. (Dedicated to the Memory of David Ben-Gurion): Chairman: S.Z. Abramov/Prof. Joseph Gorni
13:50-15:30 Closing Session: Chairman: Dr. Gideon Shimon The Hegemony of Zionism Today: Reality or Wishful Thinking? Prof. Ben Halpern, Prof. Nathan Rotenstreich Summing Up the Conference: Prof. Shmuel Etlinger

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By SIMON LOUISSEON
For The Jerusalem Post
TEL AVIV. — Toy importers these days are wearing smiles like children on Hanukka eve while local manufacturers look more like the orphans who missed out.

Toy store shelves are loaded, but the proportion of those toys and games made in this country is declining rapidly. At a recent toy fair at the Tel Aviv Hilton most importers reported sales in excess of their targets. One major importer, Kaufman Agencies Ltd., a subsidiary of Clal Industries Ltd., expects to double sales this year. Kaufman's fortunes are typical of other importers as total toy imports are expected to top \$100 million this year.

Behind the boom is the fixed shekel rate. While imports were relatively expensive after the July 1985 devaluation when the shekel was first effectively tied to the dollar, they have become relatively cheaper with each successive wage index increment.

At the same time local manufacturers are faced with increasing production and wage costs while trying to cope with the flood of imported toys surging onto the market.

Toy manufacturing in Israel is mostly limited to a number of small to medium-size concerns dominated by kibbutz industries. At a recent meeting of toy manufacturers, many reported sales which were half of last year. Some are considering scaling down their operations and others are turning from manufacturing to importing.

The manufacturers charge that current government policies are causing the reverse to what should be happening. They acknowledge that the toy industry is neither big nor vital, but suggest that their troubles are typical of other industries and, in any case, contribute to a deteriorating balance-of-trade and employment situation.

The multi-million dollar success, Mastermind, was invented in Israel but the inventor was forced to go offshore to get it into production. Manufacturers claim it only takes one or two such successes for the industry to take off.

The toy makers' troubles will soon be exacerbated when the new lower duty regime comes into effect as part of separate bilateral tariff agreements with the European Commu-

This Hanukka, only toy importers are seeing 'gelt'

Israel's toy makers are too small to contend with the tidal wave of imports



Make mine overseas: Imported toys have captured a bigger share of the toy market this year than ever before, and manufacturers say the government is pursuing policies that will encourage even more imports.

ity and the U.S. Currently there is no restriction on toy imports, but a duty of 16.8 per cent is imposed on toys from the EC and U.S. and 22 per cent from other countries. From January 1, according to industry rumours, duties from the EC and U.S. will drop by 60 per cent.

Despite the fact that it is less than two weeks before the EC tariff agreement is scheduled to come into effect, the government has not made any definite statement about the duty reductions. A spokesman at the Ministry of Industry and Trade

noted reports of a 60 per cent reduction but added that this was not certain. If the EC agreement is followed, customs duties will fall to zero by 1990.

One local manufacturer, Arieh Solomon of Design Games, says government policy has made local raw material costs higher than the finished product cost of imports.

"I still haven't caught on what the government is trying to do, other than squeeze local manufacturers," he says.

He sees the new import regime as just another nail in the coffin for the

industry. While toy importers will reap immediate benefits, he contends, it will take at least a year for the benefits to filter through on the manufacturing side in the form of cheaper imported parts and raw materials.

Solomon rejects the suggestion that Israel should not be involved in a consumer market such as the toy industry. While Israeli manufacturers should not attempt to compete with mass producers from countries with low labour costs, they often compete in terms of design and inventiveness, which are increasingly

important factors as toys become more sophisticated. "Our products are competing with front-line manufacturers such as Fisher-Price. If I can't compete with them I may as well go home."

Yeda Games, a small Tel Aviv firm established in 1967, has been forced to scale up the importing side of its business while the manufacturing side is struggling. Nava Peretz, one of the partners, says she has no desire to be an importer and would far sooner manufacture, but high raw material costs, wages and excessive taxes have forced Yeda into this position. The company has given up producing its beach toy range and is considering closing its games factory, which employs eight.

David Gedanken, managing director of Kaufman, says Israeli manufacturers are too small to be effective overseas where they must go to find bigger markets. He suggests that they combine to form a single marketing organization, as French manufacturers have done under the SuperJouet label. Such an organization would allow small manufacturers to promote and distribute their products in the major markets in a more professional manner.

Israel's one large and successful toy producer is Toyland, part of the Caesarea Glenoit Industry Ltd. With an annual turnover of around \$10m, \$8.9 a year of it in exports and a work force of 300, this company is not experiencing the same problems as the small producers. On the one hand it exports over 90 per cent of its production and on the other, it produces most of its own raw materials (many coming as a by-product of sister company Carmel Carpets).

Toyland managing director Doron Peled says that the Israeli toy market is good, but small. If a manufacturer is serious, then he or she must look offshore. He attributes Toyland's success to the fact that the company concentrated on exports from the beginning.

Sales for Toyland are growing at 15 per cent a year. He concedes that as an industrialist "every day is a daily fight" but he is not over concerned with current government policies. His company has insulated itself by going overseas and diversifying into at least four major markets.

TAX REFORM — U.S. STYLE

Cutting rates and spurring growth

By MURREL KOHN
"It is less a reform than a revolution," President Reagan said last October as he signed into law one of the most comprehensive changes in the U.S. federal income tax code since its introduction in 1913. What Reagan meant was that the Tax Reform Act of 1986, as the legislation is formally called, promises to make the tax system simpler, fairer and more efficient. Just two individual income tax rates of 15 and 28 per cent will replace the current system of 15 rates with a ceiling of 50 per cent. High-income earners will pay more taxes, while middle-income earners will pay less and many low-income families will pay none at all. A reduction in the number of personal and corporate tax rates, plus the elimination of many perks, will mean business and consumer decisions will be less affected by tax considerations. The tax reforms take effect over a two-year period starting January 1.

New provisions in the Internal Revenue Code increase the tax liability of U.S. businesses with overseas investments, a measure that will help employment in the U.S. by encouraging American companies to keep their capital at home.

Investment in business will be based more on economic viability than on the tax savings it can bring. Success will become less a function of the ability to finance projects creatively than on the fundamental entrepreneurship.

Low income tax rates will also serve to improve productivity. Management can be expected to step up investment in such things as plant modernization; labour can be expected to work longer hours and harder at the job, knowing that higher wages won't be lost to taxes.

Reduced rates should encourage taxpayers to comply with the law and report their income honestly, as lower rates won't make it worth risking the penalties and sentences that come from getting caught. In the long run, this should prove beneficial to the U.S. economy: manufacturing costs should decline, exports grow and the trade balance improves.

The incentive to work should also be enhanced by the narrowing of the difference between a salary and unemployment compensation, as the latter will now be taxed as regular income.

The new law should also keep interest rates low by doing away with deductions for consumer interest and finance charges. Without the deduction, consumers are less likely to borrow, and with the lower credit demand should keep interest rates down.

The lower cost of credit, created by a softer demand, should encourage greater business activity by reducing the cost of expanding a business or establishing a new one.

The new tax rates — lowest of any Western nation — will act as an incentive for foreigners to invest in

the U.S., further opening opportunities for employment. On the other hand, new provisions in the Internal Revenue Code increase the tax liability of U.S. businesses with overseas investments, a measure that will help employment in the U.S. by encouraging American companies to keep their control at home.

The increased business activity produced by higher levels of foreign and domestic investment should widen the tax base and compensate the government for the loss of revenue from lower rates. In short, the simple act of cutting marginal tax rates and simplifying the tax-paying process will push incentives to invest and produce throughout the economy, creating a growth synergy whose ultimate effects economists can only guess at.

In several European countries and in Canada committees have already been appointed to come up with a response to the lower U.S. tax rates. In Japan, steps have now been taken towards lowering tax rates. In Israel, the cabinet is now debating a tax-reform package that would end special benefits and lower rates with the aim of spurring economic growth.

But regardless of how the tax debate turns out, Israel will be affected by this new law in several ways:

• Due to the lower tax rates, deductions for contributions to charities will yield less tax savings. Therefore, contributors will pay more out-of-pocket than they did under the old law. The result will probably be reduced contributions. Taxpayers should give thought immediately as to how to make up for the expected shortfall.

• For Americans, investing in Israel will be less attractive from a tax viewpoint than the U.S. Just compare — in the U.S. corporate tax rates range from 15-34 per cent on taxable income up to \$100,000. A surtax of 5 per cent is added between \$100,000 and \$335,000, beginning in 1988, but the top rate of just 34 per cent is applied over \$335,000. In Israel, the current regular rate is 61 per cent.

• Israeli exporters, faced with high tax rates, hence high costs, will find increased price resistance for their products in the U.S., with the opposite true for U.S. goods imported to Israel.

• Emigration to the U.S. may be further enhanced by the increased opportunities provided by the more favourable American tax rates. For the same reason, it may be more difficult to encourage Israelis living in the U.S. and American Jews to settle in Israel because of the wider gap between the two countries' tax burdens.

• Tax shelters, which had become a household phrase in the U.S., have been virtually eliminated. The repercussions for Israel could be significant since many high-technology companies were launched by U.S. investors attracted by the favourable tax treatment.

• Israeli companies will also find it difficult to raise venture capital for another reason: the elimination of the long-term capital gain exclusion. This will no doubt be a negative factor for those considering a long-range equity investment with potential for growth.

Murrel Kohn is a certified public accountant living in Jerusalem. This is the first of a four-part series.

Japanese aren't so well off

TOKYO (Reuters). — Gyration exchange rates have turned the Japanese into among the richest people in the world, but the raw data hide the reality in a nation where the quality of life is low and prices high.

The government's Economic Planning Agency announced last week that the total per capita value of goods and services produced inside Japan, the gross domestic product, had risen to \$11,137 last year, from \$10,448 in 1984.

The agency used a rate of 245 yen to the dollar to calculate the per capita average.

But when the current rate of about 163 yen is used, Japan zooms to the top of the wealth table with an average of \$16,363, above the \$16,051 in the U.S., the next highest amongst the industrialized democracies.

The 40 per cent rise of the yen against the dollar in only one year also pushed Japanese wages to the top of the table in dollar terms. However, the hourly wage of a Japanese factory worker, who toils what amounts to an extra month a year compared with his European counterpart, is below U.S. and West German levels.

THE JEWISH AGENCY ISRAEL EDUCATION FUND TENDER NO. 61/625/86

1. THE JEWISH AGENCY (hereinafter the Agency) invites tenders from building contractors for the construction of a COMMUNITY CENTRE IN HOD HASHARON, IN THE FRAMEWORK OF PROJECT RENEWAL.
2. The projected construction is approximately 800 sq.m.
3. Conditions of the tender as well as other pertinent information can be obtained from Tuesday, December 23, 1986 from the Agency, 17 Kaplan Street, Tel Aviv, room 717 between 9:00 a.m. and 12:00 noon, against a non-refundable payment of NIS 250.
4. A special tour of the construction site for contractors will be held on Monday, December 29, 1986 departing at 10 a.m. from the entrance to the Hod Hasharon Local Council building.
5. Bids should be submitted not later than 1:00 p.m. on Wednesday, January 28, 1987 at the address mentioned in paragraph 3 above.
6. This tender is open only to contractors registered in accordance with the Act regarding Registration of Contractors to abide by requirements of the Act and to be eligible to carry out the works as specified.
7. The Agency does not undertake to accept the lowest, or any other bid.

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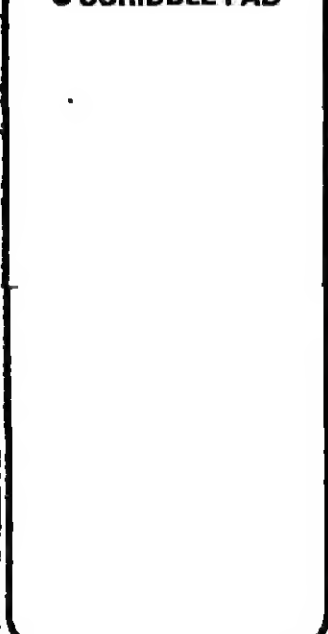
Tel. 03-402888, Telex: 361189



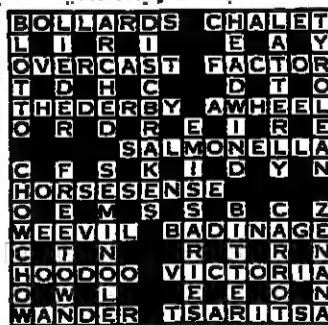
CROSSWORD

- ACROSS**
- 1 American poet of sterling worth (5)
 - 4 Dropping in to see someone getting better? (7,2)
 - 8 White vestment put on an early martyr (5)
 - 9 Profoundly enjoyed retirement? (4,5)
 - 11 Bill's political opponents (4)
 - 12 Get on a governing body (5)
 - 13 A singularly heavy blow? (4)
 - 16 The manufacture of electric bulbs, for instance (5,8)
 - 19 Are important enough to merit critical review? (7,8)
 - 20 A bad habit that's not easy to get out of (4)
 - 22 Grievously harms the object in writing? (5)
 - 23 Precisely what the verdict should be (4)
 - 26 A pony, perhaps, that doesn't count for much (5,4)
 - 27 One who overacts about getting inside a seraglio (5)
 - 28 Seeking universal brotherhood, they shop around erratically (9)
 - 29 Constructive member of society (5)
- DOWN**
- 1 The homely fare they have in Lombardy? (5,4)
 - 2 They get held up when the weather breaks (9)
 - 3 End up with nothing inwardly accomplished? (4)
 - 4 She finished up with the brand Arthur had (4,2,5,4)
 - 5 This month's commercial contraction (4)
 - 6 & 7 Government proposals for preserving the countryside? (5,5)
 - 10 Compassionate mission (5,2,5)
 - 14 Mogul city in which there's nothing but a Greek marketplace (5)
 - 15 The flower of fictional detectives? (5)
 - 17 Unruly daughters of whom the Army is proud? (3,6)
 - 18 Cathy's new fellow? Marina provides for him (9)
 - 20 It follows 6's call (5)
 - 21 Go after work as an engraver? (5)
 - 24 A woebegone expression (4)
 - 25 Bogus feature of a famous hamlet (4)

SCRIBBLE PAD



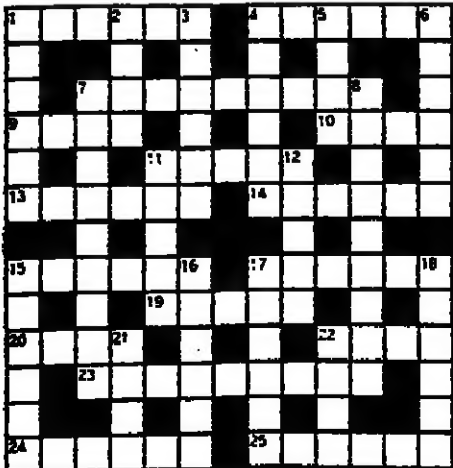
Yesterday's Solution



ACROSS: 1. Trance, 8. Action, 10. Replica, 11. Alive, 12. Cork, 13. Edict, 17. Flute, 18. Zero, 22. Comic, 23. Nonstop, 24. Relish, 25. Degree.

DOWN: 1. Attract, 2. Vampire, 3. Acriid, 4. Scratch, 5. Limit, 6. Index, 9. Maidstone, 14. Glucose, 15. Century, 16. Complex, 19. Scare, 20. Ample, 21. Onset.

QUICK CROSSWORD



- ACROSS**
- 1 Bank clerk
 - 4 Floor
 - 7 Later consequences
 - 9 Liability
 - 10 Body of ship
 - 11 Private coach
 - 13 Pass on details
 - 14 Gentlemen
 - 15 Boring tool
 - 17 Flatfish
 - 19 Creamery
 - 20 Aromatic herb
 - 22 Pace
 - 23 End
 - 24 Raised
 - 25 Regard as likely
- DOWN**
- 1 Merchant
 - 2 Attic
 - 3 Sad
 - 4 Emblem
 - 5 Curse
 - 6 Submits
 - 7 Lessening
 - 8 Abuse
 - 11 Weary
 - 12 Mass-meeting
 - 15 Frolic
 - 16 Jewish legal code
 - 17 Potentate
 - 18 Specialist
 - 21 Trial
 - 22 Cease

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Civil Cases 1914/86
Shimon Hertz, I.D. 491261
of 7 Rehov Hashikma, Kiryat Matson, Petah Tikva
Represented by Gershon Holzer, Adv.
and Meir Shochat and/or Shoshana Hertz, Adv.
Beit 23 Rehov Hillel, Jerusalem 94561

PLAINTIFFS

1. Shihadeh Mousa Hassan el Sted, I.D. 802732, address unknown
2. Mousa Mousa Hassan el Sted, I.D. 8047133, address unknown
3. Nafissa Mousa Hassan el Sted, Jordanian passport no. 95116, address unknown
4. Hadiga Mousa Hassan el Sted (wife of Subhi Abu el Hana) I.D. 8062824, address unknown
5. Henna Mousa Hassan el Sted (wife of As'ad Henna) I.D. 8044792, address unknown
6. Amine Mousa Hassan el Sted, I.D. 8070166, address unknown
7. Zuhra Mousa Hassan el Sted, I.D. 8055202, address unknown
8. Hadiga Yunes Abdallah Abu el Hana, I.D. 8073096, address unknown
9. Zaid Ben M'hamed Mousa el Sted, I.D. 8073097, address unknown
10. Ahmed Ben M'hamed Mousa el Sted, I.D. 8073098, address unknown
11. Fatma, daughter of M'hamed Mousa el Sted, I.D. 8073099, address unknown
12. Ahmed M'hamed Hassan Kassar el Sted, I.D. 8070165, address unknown
13. Mousa Ahmed M'hamed Hassan el Sted, I.D. 8043889, address unknown
14. M'hamed Said M'hamed Abu Ghanem, I.D. 806855, address unknown
15. Fatma Said M'hamed Abu Ghanem, I.D. 805955, address unknown
16. Zuhra Said M'hamed Abu Ghanem, I.D. 8053528, address unknown
17. Sam Said M'hamed (Abu Ghanem) Hadra, I.D. 8042864, address unknown

DEFENDANTS
SUMMONS
WHEREAS the Plaintiff has submitted a claim against you in the Jerusalem District Court, as detailed in the statement of claim, a copy of which is available at the Secretariat of the Court, and which concerns the registration of the rights you received as a legacy from the late M'hamed and Mousa, sons of Hassan Mohamed el Sted, Hana's daughter of Hassan el Sted, and Sami Mohamed Mustafa Abu Ghanem, you are directed to submit a defence within 60 days of the date of publication of this notice, failing which the Plaintiff may request a verdict in your absence.

December 16, 1986 Alice Abbaror, 09170-20-024

5022 من الاصل

ECONOMIC NEWS

MARKET PLACE

DAVID KRIVINE

Dollar in decline

The dollar has fallen by 30-35 per cent since February of last year, bringing it close to the exchange rates prevailing in 1980, before the U.S. currency started going up.

Nevertheless the decline will continue, Martin Feldstein, professor of economics at Harvard and former head of President Reagan's Council of Economic Advisors, predicted at a Hebrew University lecture in Jerusalem last week.

It will continue until the present yawning deficit in America's foreign trade is eliminated, which should happen in the early 1990s, he said. The chief cause of the deterioration has been government overspending in Washington. The Reagan administration borrowed on a large scale - equal to as much as 6 per cent of the gross national product - to make good its budgetary shortfall and thus pushed interest rates up.

The high dollar impeded exports and sucked in imports, creating a trade gap now standing at an estimated \$125 billion, compared with a surplus of \$13b. as recently as 1981. High interest rates attracted capital from abroad sufficiently to finance the trade gap and a good portion of the government's deficit to boot.

During this last year, however, interest rates have dropped again, reducing the appeal of American securities on the world market. The inflow of capital should drop too - yet that is not happening yet, Feldstein observes. The reason is that people mistakenly - do not believe the dollar will go on declining.

The recent U.S.-Japan economic agreement has given the impression that the dollar-exchange rate has reached stability, which is not the case, he says. The dollar must continue to fall, because over the next half-decade the U.S. will feel increased pressure to bring both its trade and government spending into balance. Already interest rates in the U.S. have lost their edge over foreign rates, making dollar securities less attractive. Unless the Federal Reserve acts to boost rates, which is unlikely, foreign investors will grow increasingly reluctant to buy dollars for use in the U.S.

This will leave the U.S. with the difficult task of cutting the federal deficit and imports.

But the alternative is less palatable. Feldstein contends, that owing to the increased burden of the foreign debt, by the beginning of the next decade America's net obligations will reach \$800bn., that will saddle the economy with an annual debt service of \$60b.

If indeed the U.S. does succeed in closing the wide gap, or as Feldstein predicts, moving into a surplus, it will give a major jolt to countries that have been keeping their economies robust by exporting to the U.S.

West Germany and Japan, which have been running up giant surpluses and leading the foreign currency they earned to the U.S. and other countries, will now have to adjust to a more balanced trade situation. Bonn and Tokyo will need to rely increasingly on their domestic markets.

In other words, the outward flow of goods must turn inward to supply their local populations. For this to occur, Germany and Japan must increase domestic demand, as the U.S. has been urging through expansionary budgetary, wage and credit policies.

Otherwise - Feldstein warns - the trading world may sag during the 1990s into a business slump.

No devaluation of Jordanian dinar planned

AMMAN (Reuters). - Central Bank Governor Husayn Kasim yesterday told heads of banks and financial institutions that the Jordanian dinar was sound and would not be devalued.

Banking sources said Kasim was apparently trying to quash fresh rumours of a possible devaluation of the dinar, which is pegged to a basket of currencies which include special drawing rights, the U.S. dollar, Deutschmark, pound sterling, French franc and Japanese yen. The basket is currently worth 34 U.S. cents.

They said such rumours had circulated off and on in recent years, fuelled by general world-wide recession, especially in the Gulf oil states - which provide Jordan with financial aid as well as import of Jordanian labour and merchandise.

Petra, the national news agency, quoted Kasim as saying that Jordan's gold and foreign reserves had strengthened this year, the balance of goods and services and the level of remittances by overseas Jordanians had improved.

"The reduction of inflation from 3 per cent (in 1985) to 1.2 per cent during 1986 can only strengthen confidence in Jordan's monetary stability and guarantee the dinar's convertibility," Kasim said.

Pressure builds to settle Matam's fate

By ANDY COURT
For The Jerusalem Post
United Mizrahi Bank came under increased pressure yesterday to quickly decide the fate of the Matam discount chain, after another creditor petitioned a Tel Aviv court to dismantle the company.

Israel Maritime Bank, to which Matam owes some NIS 700,000 yesterday asked the Tel Aviv District Court to wind up Matam.

But Mizrahi, Matam's chief creditor, is negotiating with several groups of businessmen who are interested in taking over the failed retail chain, so long as they don't have to assume responsibility for its \$15 million in debts, Michael Zivneri, Mizrahi's senior deputy general manager, told The Jerusalem Post last night.

Zivneri said his bank feared other

creditors would follow Maritime, preventing Mizrahi from implementing a recovery plan.

Israel Radio, meanwhile, reported that Matam's management had decided not to pay its workers' December salaries. Officials of the Moshav Movement, which owned Matam, had been considering selling off some or all of the movement's Tel Aviv headquarters as a way of paying off some of the chain's debts, but they decided against it, Israel Radio also reported.

A popular discount chain that was open not only to moshav members but also to members of Histadrut-affiliated workers' committees, Matam closed quite suddenly last week after Moshav Movement officials and Mizrahi could not agree on a plan to reschedule the company's debts.

Union to challenge Zim on foreign crew in court today

By YA'ACOV FRIEDLER
Jerusalem Post Reporter
HAIFA. - The Marine Officers Union, which prevented a Zim collier from docking for nearly a week as part of a labour dispute, will have its grievances aired in district court here today.

The 160,000-ton ship, sailing under a foreign flag and with a foreign crew, was finally permitted to dock in Haifa on Friday by the union in an agreement worked out in Haifa Labour Court. But rough seas prevented the ship from approaching the pier, and it was still offshore early this morning.

The union, which will make its case in court today, is demanding Zim Navigation Co. replace the foreign officers on board the ship with an Israeli complement. Zim says it is operating the collier under a foreign flag because the ship depends on one-time contracts that often entail calling on ports that do not accept Israeli ships.

For that reason, Zim has asked that the ship not be identified by name.

The union, however, is seeking to force Zim to comply with the law requiring Israeli-owned vessels to be crewed by Israelis.

In a related development, a group of 120 Zim employees on Friday petitioned the labour court to nullify an agreement between management and the works committee which forces employees into early retirement. They charged that the works committee team had made the deal in exchange for benefits and privileges granted exclusively to committee members.

Judge Shmuel Gutmacher adjourned the hearing until January 2.

CURRENCY MARKETS

Dollar's drift down likely to continue

The dollar moved lower through most of last week, as a stream of weak U.S. economic data served to undermine the traditional year-end corporate demand for the U.S. currency, as businesses repatriate profits.

The U.S. Commerce Department reported that capital spending would rise only 0.2 per cent in 1987, after a forecast 2.6 per cent drop for all of this year. U.S. housing starts in November declined a greater than expected 1.8 per cent, and although third-quarter gross national product was revised upward, it was only a marginal 0.1 percentage point to 2.9 per cent, hardly a market mover.

Salomon Brothers added to the gloomy picture, predicting that U.S. GNP would expand only 2 per cent next year. It forecast that the dollar would fall to lows of 1.75 Deutschmarks and 150 yen in the first half of next year.

On the positive side, November U.S. producer prices edged up just 0.2 per cent, less than expected.

The pound sterling remained on the sidelines with little change, as the market awaited results from the Organization of Petroleum Exporting Countries' meeting. The cartel agreed over the weekend to a 7 per cent cut in production, starting January 1, with the aim of bringing oil prices to \$18 a barrel.

The dollar is likely to continue drifting lower this week, closely approaching previous lows. The next two weeks, as the year winds down to a conclusion, should be characterized by the traditional slow trading and thin volume. If the dollar does indeed reach new lows in 1987, such a movement will be preceded by a sizable rally early in the year.

The British pound seems to be building a solid base to rally against the dollar in coming weeks, but the pound will show great weakness on a cross-currency basis. However, the Swiss franc will, by that measure, show great strength.

The column appears courtesy of Boaz Barak Advisory Service.

Conferees rap tax reform

By PINHAS LANDAU
Increasing the size of the national economic pie, rather than squabbling over how to divide it up, should be the focus of the debate over the economic plan, Hebrew University Economics Professor David Levihari said yesterday at a symposium organized by the Israel Centre for Social and Economic Progress.

Speakers representing the economic spectrum from the Histadrut to the Manufacturers Association, found fault with the Treasury's economic plan, principally for its potential damaging effects on industry.

Prof. Ephraim Sadka presented an alternative tax reform plan, which featured more tax brackets, rising to a peak of 60 per cent before falling back to 50 per cent for incomes over NIS 12,200 per month. Overall, Sadka claimed, the average maximum tax bracket would still be 50 per cent, but the incentive to middle-income earners would be increased, and the burden of taxation more fairly distributed.

Levhari pinpointed the source of the economy's distortion as being the increase in the size of the government's share of the work-force, from one-fifth in the late 1960s to one-third today. The increased defence budget had been the primary, but not the sole cause of this growth, he added, and the trend had to be reversed if the economy was to grow.

Prof. Assaf Razin, of Tel Aviv University, said the government should have raised the value-added tax to discourage spending. Razin expressed deep concern at the adverse trends already at work in the economy, especially rising imports and consumer spending and falling export competitiveness.

The budget deficit would grow if the Treasury plan was carried through unchanged, Razin said, an assessment echoed by former Treasury budget director Ya'acov Gadish. Gadish urged the government to eliminate specific units and functions within its budget as an alternative to general budget cuts.

Elbit to equip U.S. tanks with high-tech gear

Elbit Computers Ltd. said last week that it was awarded a \$2.1 million contract for the manufacture of electronic units designated for U.S. Army M60-A3 tanks fire control system.

Elbit, one of the first companies in the world to develop digital tank fire-control systems, has installed

such systems on the Israeli Merkava and has adapted it to a wide variety of tanks, including the American M-48 and M-60.

Emmanuel Gill, Elbit's chief executive officer, noted in a statement that it was his company's first contract to be awarded directly by the U.S. Army. "We believe that the

current contract holds future potential for follow-on orders."

Deliveries of the units are scheduled to begin within one year.

Elbit, a subsidiary of Elron Electronic Industries Ltd., manufactures computer-based systems and products for military and commercial applications.

Tel Aviv Stock Exchange

MARKET STATISTICS

Indices:		Turnovers:		4.25% fully-linked	
General Share Index	125.33+0.41%	Shares - total	NIS 10,089,400	80% linked	Rises to 1%
Non-Bank Index	163.66+0.76%	Arrangement	NIS 4,300,600	Double-linked	Rises slightly
Arrangement	108.16+0.20%	Non-bank	NIS 6,788,800	Dollar-linked:	Rises slightly
Insurance	182.56+0.34%	Bonds - total	NIS 7,258,800	As follows:	
Commerce, Services	200.31+0.58%	Index-linked	NIS 4,725,100	As follows:	
Real Estate	202.99+1.82%	Dollar-linked	NIS 2,700,700	Rimon	Mixed to 1%
Real Estate	145.48+0.01%	Treasury Bills	NIS 18,053,800	Gilboa	Slightly mixed
Textiles	208.90+0.69%			For Curr.	Stable/risers to 0.5%
Metals	162.54+0.54%			denominated	
Electronics	100.11+0.30%			Treasury Bills	Mixed to 1%
Chemicals	132.80+1.50%			(annual yield)	21.65-22.00%
Industrial Invest.	142.12+0.80%				
Investment Corp.	188.18+2.35%				
General Bond Index	117.76+0.36%				
Index-linked Bonds	119.61+0.37%				
Fully-linked	121.86+0.50%				
Partially-linked	118.21+0.23%				
Dollar-linked Bonds	95.23+0.28%				
Short-term 0-2 yrs	114.57+0.16%				
Medium-term 2-5 yrs	116.08+0.33%				
Long-term 5+ yrs	111.83+0.55%				

SELECTED PRICE QUOTATIONS

Name	Price	Volume	% WMTS change
Commercial Banks			
(part of "arrangement")			
Maritime	1177	794	-0.3
General post-off.	22400	51	+1.4
First Int'l	3475	2482	-
FBI	4550	2146	+3.1
Commercial Banks			
(part of "arrangement")			
IDB	83260	811	+0.2
Union 0.1	61671	314	+0.0
Discount	108896	1064	+0.1
Mizrahi	94200	1145	-
Hapoalim	56637	1389	+0.6
General A	143900	29	-
Leumi 0.1	35920	2406	-
Fin. Trade	47998	-	-
Mortgage Banks			
Leumi Mort.	6740	130	+1.5
Dev. Mort.	2310	148	+1.3
Mishkan r	2500	583	-
Tefubot r	17310	91	-0.6
Mivtar r	6180	249	-
Financial Institutions			
Agrio C	no trading		
Ind. Dev. DD	no trading		
Cla. Leasing 0.1	18340	5	-
Insurance			
Ararat 0.1 r	1340	880	-4.3
Hassneh r	339	30294	+1.2
Phoenix 0.1	713	5250	+1.4
Hamishmar	6990	-	-
Menorah 1	2250	100	+4.2
Sahar r	5300	403	-6.0
Zion Hold. 1	8710	4	-0.2
Real Estate, Building and Agriculture			
Azorim	830	3045	-
Elion	530	9480	+1.7
Africa Int. 0.1	39500	176	+1.6
Adgar	548	6816	-
Prop. & Bldg.	3380	4276	+4.6
Bayside 0.1	4588	282	+4.3
ILDC r	58801	327	+2.4
Rasco r	10188	177	+5.0
Mehadrin	7800	120	+2.7
Hedarrin	1341	600	-
Industrials			
Dubek b	4825	2227	-
not trading			
Sunfront	11800	150	-
Elite	17900	175	+0.6
Adgar	548	6816	-
Argamant r	17010	240	+0.4
Delta G 1	3076	1714	-
Maquette 1	5110	184	-1.7
Eagle 1	16300	288	+5.2
Polat	3550	183	-
Schoellerline	15350	106	+2.3
Rogosin	2830	280	-1.3
Ordan 0.1 r	7020	278	+2.0
Le. Gen. Co. 1	2848	3063	+1.5
Zion Cables	2320	333	+0.9
Peckar Steel	14300	367	-2.3
Elbit	385500	7	-
Trade & Services			
Mair Ezra	1280	1045	+0.6
Supersol 2	8200	1609	+2.5
Delek r	3241	1974	+0.9
Limagage	14100	102	-0.5
Cold Storage	2000	109	-
Dan Hotels	1465	306	-2.3
Yarden Hotel	2831	100	-
Hilton 1	25200	14	+2.0
Team 1	1889	576	-
Elron			
284500	11	-	-
Art	32400	70	+2.5
Cla. Electronics	1970	1890	-1.5
Spectronix 1	2050	1174	+4.0
T.A.T. 1	4200	244	-
Ackerstein 1	841	508	-
Agan 5	18770	35	-1.2
Alliance	2495	190	+0.4
Delek	3070	4	-4.0
Perocent	4801	54	-1.1
Halfa Chem.	447	6822	-
Teva r	8240	832	+1.7
Deed Sea r	4230	6358	-3.0
Perocent	559	9818	-
Noca Chem.	7400	408	+3.5
Frutarm	13840	10	-
Hadera Paper	267000	70	+1.9
Central Trade	6300	165	-
Koor p	860000	-	-
Cla. Inds.	1520	7785	+1.7
Investment Companies			
IDB Dev. r	5025	2236	+3.4
Elion	3420	823	-
Aft 1	240	3612	+3.0
Gahelot	1515	565	+3.0
Israel Corp. 1	11200	654	+2.8
Wolfson 1 r	11400	-	-
Hapoalim Inv.	6590	450	-
Discount Invest.	2945	2980	+2.3
Mizrahi Invest.	22970	43	-
Cla. 10	826	5093	+3.3
Landeco 0.1	3800	50	-6.0
Perna 0.1	10573	356	-3.0
Oil Exploration			
Paz Oil Expl.	19150	45	+1.1
J.O.E.L.	3850	1508	+1.3
Abbreviations:			
a.o. buyers only			
b. bidders registered			

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By the staff of The Jerusalem Post

Edited by Louis Rapoport

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Unlinked Deposit (Annual Rates)

	Last Updated	Tapas	Pakam 7-Day	Pakam 30-Day
LEUMI	18.12	7-17.28%	8-18.50%	8-18.75%
HAPOLIM	15.12	8-18.00%	9-16.50%	12-18.75%
DISCOUNT	17.12	7-16.00%	8-18.20%	14-18.50%
MIZRANI	1.12	8-17%	6-17.50%	6-19.50%
FIRST INT'L	11.11	10-16%	11.70-17.20%	13-19.50%

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Sakharov prevails

FRIENDS of freedom the world over will rejoice at the news that Andrei Sakharov, the Soviet Union's leading "dissident" human rights fighter and Nobel Peace Prize winner, and his wife Yelena Bonner, are to be allowed to return to Moscow from their brutal exile to remote Gorky; and that Dr. Sakharov, still a member of the Soviet Academy of Sciences, will be able to resume his scientific work.

The rejoicing must not, however, breed any illusions about an imminent turnaround in the Kremlin's commitment to totalitarianism. The ailing Sakharovs will doubtless receive better medical treatment in the Soviet Union's capital city than they did from KGB "doctors" in provincial Gorky, but it is by no means certain that they will be much freer to speak up for the democratic rights of all Soviet citizens — or for the right of Jews to go to Israel.

In deciding to end the Sakharovs' captivity, the Soviet rulers were not responding to any groundswell of libertarian protest within the country. The Communist Party had, over the decades, done an effective job of lobotomizing the great Russian mind and of persuading most Soviet citizens that their coercive political system was the best imaginable, and represented "true" freedom. Mrs. Sakharov herself tells a hair-raising story of a train journey in the course of which she was put upon by ordinary Russian travellers the moment they discovered that she was wife to the "traitor" Sakharov.

Expelled from Moscow seven years ago for openly criticizing the Soviet invasion of Afghanistan, Dr. Sakharov could have secured his release even earlier had he consented to leave his native land. A top Soviet jurist proposed — in an interview with a Finnish newspaper — last October that he should have done precisely that "if life in the Soviet Union displeases him." He could not have done that much earlier, however, since — as co-inventor of the Soviet hydrogen bomb in the early 1950s — he was supposed to be in possession of Soviet "state secrets."

That was the official line upheld as late as last February by none other than the new secretary general of the CPSU, Mikhail Gorbachev.

Sometime between February and October, it is clear, the line shifted. Allowing Mrs. Sakharov to go for her health to Italy and the U.S., did not relieve the Soviet government of the burden of the Sakharovs' exile in its relations with the Western governments. On the contrary, it only permitted the outspoken Yelena Bonner to press the case for her husband's freedom on the conscience of the Free World.

Apparently, when offered a chance to leave not only Gorky but the Soviet Union — for one thing, Mrs. Sakharov is Jewish and could go to Israel — Dr. Sakharov rejected it out of hand. His answer may well have been that, while he supported the right of Jews to be repatriated to their own homeland, his home was Russia and that was where he would stay, for better or for worse.

This left Mr. Gorbachev little choice. The shattering impact abroad of the death from prolonged labour-camp torture early this month of "dissident" Anatoly Marchenko — who had also turned down an offer to leave Russia — left no doubt what the repercussions would be if the world-famous Dr. Sakharov were to meet a similar fate. The grandly orchestrated effort to prove to the West that there was a new leadership in the Kremlin dedicated to shaping a communism with a human face, would have gone down the drain.

It would have been a personal blow for Mr. Gorbachev. And it was not insignificant that Mr. Gorbachev took it upon himself to personally convey the happy news to Dr. Sakharov over the phone from Moscow.

Happy news it is, indeed. But it will take much more than this exercise in public relations to persuade anyone that the new reformist leadership in the Kremlin has any use for human rights other than as a club with which to beat the U.S.

VANUNU

(Continued from Page One)
Vanunu quickly shouted out one word before being violently muzzled by two guards.

Vanunu's attorney Amnon Zichroni refused to comment on his client's actions. He did say that he was considering an appeal against Judge Cohen's decision to extend the remand. It is thought that Zichroni again asked the judge that to hold at least part of the trial in open court. Yesterday's hearing was held in camera.

Zichroni gave his client four books in English yesterday. He said that Vanunu appeared to be in "reasonable" condition.

Before leaving for court, Vanunu was visited in his prison cell by members of his family. A preliminary hearing will be held in the near future, at which Vanunu will enter his plea to the charges of aggravated espionage and treason.

'SOCIAL TIME-BOMB'

(Continued from Page One)
The source pointed out that, despite reports to the contrary, moves to repeal the free education law were not being considered. Reports of the fees scheme followed a statement by Navon that he would not agree to a demand for further cuts in the education budget. He said it had already been agreed to use NIS 7.5 million this year and a further NIS 20m. over the next two years. A demand by the Treasury to cut another NIS 30m. was unacceptable and would lead to the collapse of the present agreement.

SAKHAROV

(Continued from Page One)
tions to which I must submit to return to Moscow are not simple either," he was quoted as saying.

He apologized to his interviewer for his "muddled answers," saying he had never been good at giving interviews or speaking in public.

Sakharov said he would leave his flat in Gorky for Moscow tomorrow. The radio said the central telephone switchboard in Moscow had put them through to Sakharov in Gorky after some hesitation.

An Associated Press correspondent in Moscow also spoke with Sakharov by phone yesterday and said he sounded alert, friendly, and

happy to be headed back to his Moscow home.

Asked if he would meet with a small group of reporters upon his return, Sakharov replied, "I won't in general give interviews." He said the decision was his — not a condition laid down by Soviet authorities.

He referred further questions to his family in the U.S., saying, "I ask you to understand me. I might make a slip of the tongue. Please ask my children."

In Newton, Massachusetts, Bonner's daughter Tatiana Yankelovich said Sakharov had used his conversation with Gorbachev to make a plea on behalf of "prisoners of conscience."

Reaganomics: Lessons for Israel

Howard Rosén

THERE ARE many similarities between President Reagan's economic programme in 1981 and the reform package currently being discussed in Israel. This is primarily due to the fact that the U.S. economy in 1981 was in a similar position to that of the Israeli economy today. There was high inflation, low growth and an increasing budget deficit, and many people believed that the government was to blame for all of the economy's ills.

The Reagan programme for economic recovery had four components: reduce marginal tax rates, cut government expenditures, slow the growth of the money supply and dismantle government regulations.

The programme was not fully implemented and today the U.S. economy may be facing a situation far worse than in 1981.

Dubbed Reaganomics, it was considered a supply-side's dream. By cutting tax rates and generally reducing the government's role in the economy, the programme sought to spur economic growth and increase government revenues from the bigger tax take it would receive from swelling corporate profits and personal incomes.

In short, the idea was that even if the government's piece of the economic pie were smaller, the whole pie would eventually grow and the government — as well as the entire country — would be net gainers.

Next, Reagan and his free-market economists convinced the American people that government intervention was the root cause of all economic problems. On the spending side Reaganomics preached that government social programmes reduced

people's willingness to work. In addition, government regulations were thought to be tying the hands of American businesses and hurting their ability to compete abroad. Reagan's answer was to cut social programmes and deregulate wherever possible.

Finally, Reagan's monetary policy was dictated by those who believed that money growth was inflationary and should be avoided at all costs. Thus, a policy of slow and controlled monetary growth was enforced.

THE PRESIDENT got almost all of what he wanted, and more besides.

That was exactly the problem. While vowing to cut social programmes, the president increased defence expenditures. Between 1981 and 1985, defence expenditures grew at twice the rate of non-defence expenditures. Total government outlays almost doubled during the five years.

On the supply side, contrary to the Laffer curve, tax receipts as a percentage of GNP actually fell as a result of tax reform. The result: the U.S. began running budget deficits in the neighbourhood of \$200 billion annually, and the federal debt almost doubled, rising to approximately half of the country's GNP.

The growth in government debt has "crowded-out" productive investment in the private sector and contributed to the dollar overvaluation between 1981 and 1985. The U.S. has had to borrow from abroad in order to finance its fiscal policy.

Its economy is now the world's largest net debtor, and continues to go into debt faster than any country in the world.

WHAT ARE the lessons for Israel?

Tax reform is crucial for increasing productivity and economic growth. But in order to avoid the pitfalls of Reaganomics, tax reform must be accompanied by budget cuts and capital-market reform.

An aggressive revamping of the capital market must be undertaken so that people have something else to do with their extra income. Otherwise, they will spend their tax windfalls, increasing inflationary pressures within the economy.

Israel needs a mature and independent capital market in order to attract private savings. These savings, in turn, should be used to support private job-creating investments in Israel, and not be turned over to the government. In this way, people would not be afraid of capital reform but would anxiously await its implementation.

IT IS important that the current package be implemented before more political trade-offs are made. Tax cuts without cuts in expenditures will lead to larger budget deficits.

The government has three options for financing these deficits: print more money, which is inflationary; increase public debt, which takes capital away from private industry; or borrow from abroad, which adds pressure on exchange rates.

There is little point to capital-market reform if budget cuts do not coincide with tax cuts.

Dry Bones



The time is right for reform. Economic stability, which should not be taken for granted, is beginning to weaken. Policy-makers must take advantage of this "window of opportunity" and implement the necessary economic reforms before it is too late. The current economic environment increases the chances of the programme's success. If implemented properly, these reforms should strengthen economic stability and not lead to a new round of inflation.

The public debate on these reforms is unfortunately being dominated by groups concerned with specific interests, and not the general health of the economy. Although the benefits are uneven, everyone will reap something from tax reform.

Similarly, budget cuts must be designed so that the burden is shared by all ministries and all sectors of the economy.

A return to triple-digit inflation promises to hurt the entire economy. The lesson of Reaganomics is that, if all the proposed reforms are not implemented together, the economy is sure to return to the dark days of large budget deficits and hyperinflation. Who knows? The U.S. may be then too busy paying for Reaganomics to be able to help Israel.

The writer is on sabbatical from the Institute for International Economics D.C., a research institute based in Washington, D.C.

READERS' LETTERS

IN PLACE OF COEXISTENCE

To the Editor of The Jerusalem Post
Sir, — I refer to Yosef Goell's article of November 19, "When coexistence doesn't work." I was shocked that he could compare the disturbances against Arabs in Jerusalem with the Pogrom in Kishinev. Was Moldavia surrounded by Jewish states threatening to destroy her? Or send terrorists to kill Romanians indiscriminately? The pogroms in Romania, Poland, Ukraine were provoked acts to kill Jews.

All level-headed people would like citizens to remain calm no matter what the provocation. But things don't work that way anywhere in the world and Jews are no supermen. People anywhere will react if provoked. The phlegmatic Swiss "buried dead eels at Sandoz officials; a rock throwing gang smashed windows..." (NewWeek, November 24).

Yosef Goell's point is that the Arab perpetrators are guilty, the rest of the Arab population innocent. Enough has been said in the last days that Arab killers would not dare to attack Jews in a crowded market if they were not certain of assistance from the Arab population after their

ghastly act. Actively or passively, they support the terrorists. All polls show that the majority of Arabs regard the PLO as representing them. The PLO is against the very existence of Israel and organizes killings of Israelis and other Jews. It does not wish to coexist.

Arabs who want to live with us should denounce the PLO and the policy it stands for. The rest should be assisted to move to the paradise of other Arab countries. If coexistence does not work, this is a fair solution.
Ramat Gan. PETER ARTON

DEVOTED OPHTHALMOLOGIST

shared both among many of his patients and in the medical profession here.

During the Six Day War, Professor Ben-Sira returned to Israel from the U.S., where he was at an advanced study course, and plunged into work in the emergency ward in Hadassah, where I had the privilege of working with him. His devotion to patients, both soldiers and civilians, became a byword and many of them owe their sight to round-the-clock

efforts, when required, on their behalf.

I can say nothing about the recent charges against Professor Ben-Sira, but I feel I must share my profound impressions of the work of this highly competent surgeon as formed at a difficult time for Israel, when his high professional ethics were clearly evident to all who came in contact with him.
SISTER FELLA
(Name and address supplied)
Jerusalem.

THE BOESKY AFFAIR

To the Editor of The Jerusalem Post
Sir, — In view of the recent accusations in the press and on TV concerning alleged professional misconduct by Professor Yitzhak Ben-Sira, I would like to say a few words about this eminent ophthalmologist based on my personal experience and that of my husband, his one-time patient. I am a medical nurse, now retired after 40 years of service in Israel. In the course of my work, I came to know that my personal impressions of Professor Ben-Sira were widely

shared both among many of his patients and in the medical profession here.

Jerusalem. M. HAGELBERG.

AGAINST HUNTING

To the Editor of The Jerusalem Post
Sir, — I would like to express the dismay and disapproval of our society at the decision of the Society for the Protection of Nature to allow a hunting season for wild buck, which appear to have reproduced too numerous.

If there is no way of preventing this situation by separating the males from the females, then the Nature Protection Society should deal with the problem itself and not allow the killing of animals to become a sport,

thus encouraging those people whose idea of sport is the maiming and killing of innocent animals which we believe is contrary to Jewish ethics.

HILDA FRIEDSTEIN
Chairperson
Society for Prevention of Cruelty to Animals
Tel Aviv.

ENJOYABLE COLUMN

To the Editor of The Jerusalem Post
Sir, — We have enjoyed Matt Nesvicky's Fifth Column since its inception and have sent photocopies of several to our relatives in Canada. The column of December 5 is far and away his best and we have sent copies this time not only for the enjoyment of our relatives, but for their total enlightenment vis-a-vis Iran, U.S., Contras and everyone in between.

If we didn't have such wonderful fare to laugh with over Shabbat, whatever would we do?
MORDECHAI and BARBARA GOLDMAN
Beersheba.

ANIMAL EXPERIMENTS

To the Editor of The Jerusalem Post
Sir, — You often publish articles where animal experiments are credited for the latest in (human) medical advances. As many research workers recognize (and now increasingly the lay public as well), animal experiments can be used to "prove" or "disprove" almost anything. Given the large variety of laboratory animals available today, and the multiplicity of laboratory conditions under which these experiments are carried out, it should not

come as a surprise. Animal experimentation continues to provide misleading and inconclusive results for man, of which we are occasionally reminded by drug disasters. Put bluntly, animal experimentation is not science; it has no place in the so-called civilized and technologically-advanced era of today.

Dr. A. MENACHE, Chairman.
Animal Liberation
Givatayim.

LIVING IN ISRAEL

To the Editor of The Jerusalem Post
Sir, — Several months ago, our Minister of Tourism and his wife went on an extended tour abroad. Faced by a barrage of embarrassing questions by the press on their return, the minister's wife was heard to mutter, "Who wants to live in this country, anyway?"
Our Minister of Justice (and Tourism) has now answered that question. Who wants to live in this country? William Nakash!
FRIEDRIKE HELLER
Tel Aviv.

ARMS TO IRAN

To the Editor of The Jerusalem Post
Sir, — How can we accept the fact that the Israeli government sells arms to Iran? After Khomeini's open declaration of war and his call for death to the Zionists, Israel and the Jewish people, can we still sell arms to this fanatic and brutal dictator? It is like selling arms to the PLO.

ZELIK BARAK
Tel Aviv.

ILLEGAL ALIYA

To the Editor of The Jerusalem Post
Sir, — I found Macabee Dean's article of December 11 about "illegal" aliya very interesting, not only because it was well written but because I was a crew member of the ship Tikva. Moreover, I am one of the five crewmen whose picture accompanies the article.

I am hoping to see many of those who sailed with me, and from the other ships at the planned reunion in June 1987.

SAUEL GORDON
Afeka.

Dollars and sense...

The Tel Aviv Hilton Executive Business Center and The Jerusalem Post business pages

FINANCIAL DATA: ISRAEL, EUROPE, U.S.
Israel Money Markets

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TIBERIAS 047-2224, ext. 267
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Ancient Biblical Coins
Unique investment, collection
and jewelry pieces
Sunday, December 28
Ramada Continental Hotel
Tel Aviv Exhibition Suite 1905
Exhibition: 4:00 p.m. to 8:00 p.m.
Auction sale of exhibits
begins: 8:00 p.m.

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EGYPT
Daily bus
\$25 - \$20 - One way
\$48 - \$38 - Tel Aviv - Cairo - Tel Aviv
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+ 3 nights on B.B. basis
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